PRS

Annual Report & Financial Statements

For the year ended 31 December 2023
Performing Right Society Limited

Company Registration Number
No. 00134396 (England and Wales)

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Annual Report and Financial Statements

For the Year Ended 31 December 2023

PERFORMING RIGHT SOCIETY LIMITED

COMPANY INFORMATION

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	Publishers J Alway J Andersen A Bebawi N Gilroy A Kassner D Lang J Minch R Paine S Platz
	Executive Director A Czapary Martin
	Independent Directors S Davidson E Ingham G Mansfield T Toumazis
Company Secretary	J Aitken
Company number	00134396
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PERFORMING RIGHT SOCIETY LIMITED

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PERFORMING RIGHT SOCIETY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present the Strategic report for Performing Right Society Limited ("the Company") and its subsidiary PRS for Music Limited ("PfM"), together ("the Group", "PRS For Music") for the year ended 31 December 2023. The definitions of subsidiaries, joint ventures and other partners are set out within the Accounting policies on page 31.

Review of the business

Financial results and key performance indicators

The financial year 2023 was another unprecedented year of success for the Group, with record revenues and distributions for a second successive year. The Group broke the billion pound threshold, recognising more than £1billion in revenues this year, while paying out in excess of £943 million to rightsholders, achieved with a historically low cost-to-income ratio of just above 9% (excluding donations and subsidies).

Under the leadership of the Members' Council, the PfM board and Andrea Czapary Martin, in her fourth year as CEO, the Group has achieved historic revenue growth of 45% since 2018, outperforming the market, which grew by 38% (Global music revenues (IFPI)). Over this period, the maximisation of value for our members' rights has been driven by the introduction of new and enhanced licensing agreements and the optimisation of the shared efficiencies and commercial opportunities of our joint ventures and partnerships. The Group has continued to accelerate its focus on innovation and delivering service excellence to members and customers through the execution of technology and data projects, which are realising benefits from our long-term investments.

For the second year running, the Group reported more distributed royalties than ever. Royalties of £944 million were distributed in 2023 to over 81,000 different members, a £108 million (12.8%) increase on the prior year (£836 million). In October 2023 we paid out a record amount of royalties in a single distribution, £239 million to over 79,000 members, of which, more than 4,000 members were paid for the first time that month. The largest growth in distributions was across Multi-Territory Online licensing (MTOL), which grew by 24.4%, year-on-year, an increase of £59 million to £300 million with all services excluding Broadcast showing growth following the strong revenue performance and actions to clear historical undistributed funds. We maintained our record 99.9% of accuracy and 99.9% of timely distribution across the 12 months (2022: 99.9% accuracy and 99.9% timely). In 2023 PRS For Music was re-accredited as ISO 2000 compliant, the accreditation is an internationally recognised standard that demonstrates a business' product or service meets the needs of its customers. In addition to this external recognition, we advanced our commitment to transparency with the approval at the AGM of the improved Annual Transparency Report, providing unprecedented detail about the PRS's revenues and distributions.

The Group reported record revenues (net of withholding tax deducted at source ("revenues (net)") of £1,085 million in 2023 (2022: £964 million) represent a year-on-year growth of 12.5% and exceed our prior year revenue by £121 million. Year-on-year growth continued to be strong for 2023, whilst lower than in 2022 due to the unrepeatable impacts of the businesses re-opening after the Covid-19 pandemic, it is still one of the highest ever annual growth rates, with distributions increasing by 38% since 2019.

	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m
Net revenue	811	650	777	964	1,085
Net revenue year on year growth/(decline)	8.7%	(19.9%)	19.5%	24.1%	12.5%
Distribution	686	699	677	836	944
Distribution year on year growth/(decline)	15.5%	1.9%	(3.1%)	23.5%	12.8%

Online revenues (net), including both multi-territory and UK digital, increased from £334 million to £366 million, growth of 10% year-on-year and 104% since 2019. Above expected growth was delivered across multi-territory music streaming services, notably Spotify and YouTube. Revenues from UK Video on Demand grew by £3.5 million (9%) year-on-year and 147% since 2019, driven by subscription revenue growth and the development of new business.

Royalties from Public Performance were £252 million (2022: £229 million) with continued growth driven by the resurgence in Live music and steady recovery in the Retail, Travel, Hospitality and Entertainment sectors, resulting in a revenue increase of £22.0m (10%) compared to the previous year.

Broadcast revenues declined to £127 million at similar pace to the prior year, falling £1.3 million year-on-year, driven by the continued shift of viewing from linear to the broadcaster's on-demand offerings and other digital streaming services, offset by video-on-demand increasing by 147% since 2019. Our focus remains on delivering appropriate value from all on-demand platforms via deals with new services and by improving terms with existing customers.

International revenues (net) increased by £67 million to £339 million, 25% year-on year, with growth across all major international territories driven by Live, Online, Broadcast, and in the case of some markets recovery from any residual impacts of Covid-19 restrictions. North American and Caribbean territories grew by £21 million, 25% year-on-year, and include a notable increase in Cruise lines revenue resulting from travel operations returning to full capacity and improved licensing terms including for Music Themed Cruises.

The North, Eastern and Central European royalty collections increased by £17 million (16%) compared to the previous year benefiting from our new and ‘better’ reciprocal agreements and our unique major live concert service MLCS® and continued to remain the largest market segment for International Royalties, whilst Southern Europe, Middle East and Africa grew by £19 million (45%).

Alongside exceeding financial targets, the Group has continued to develop and champion pioneering projects to improve the management of rights globally and ensure music creators are being paid fairly, whenever and wherever their works are used.

In 2023, the Group launched the Nexus programme, a new initiative focussed on dramatically improving the visibility and allocation of works meta data across the music industry. The Nexus programme commenced with the launch of the new PRS Nexus portal, an online tool which allows songwriters, composers and publishers to search over the meta data of nearly three million works. This was followed in September by the pilot of a groundbreaking online service to allow for the early allocation of the international works identifier, the International Standard Musical Work Code (ISWC), allowing this important information to be include when a song or composition is released.

Alongside the technological initiatives, the Group continued to lead in the development of educational support to ensure members are using data can maximise their royalties. The Get Paid Guide, an online education hub, funded by the Group and the Intellectual Property Office and developed in partnership with the Music Publishers Association and Ivors Academy, is a new easy-to-use one-stop guide on data for music creators. Since its launch in June 2023, the Guide has been used by thousands of music creators in the UK and internationally and has been adopted by many academic institutions as part of their educational materials.

The strong performance of the Group in 2023 has ensured it remains well ahead of its five year vision: to become a billion-pound society (in royalties distributed) by 2026, to innovate across our business and joint ventures and maintain our cost-to-income ratio below 10%. The company continues to focus on delivering beyond its targets and embedding the transformation required to enhance the service to our members and maximise the value of their works through the pursuit of opportunities in the global music market. The Group understands the difficulties experienced by our members, licensees, partners and suppliers, and is appreciative of their continued support.

The Group uses the below key financial performance indicators as they best represent the collection and distribution of royalties and effectiveness of cost management that maximise value to our members, the results during the year were as follows:

	2023 **£000**	2022 **£000**	Change **%**
Revenue (i)	1,095,078	963,972	13.60
Net Revenue (ii)	1,084,870	963,972	12.50
Net Distributable Income (iii)	982,035	872,000	12.60
Cost:Income ratio (iv)	9.5%	9.5%	-
Distributions (v)	943,561	836,200	12.80

(i) Revenue from 2023 onwards is inclusive of Withholding taxes (WHT) deducted at source from affiliated Societies and passed to the respective Tax authorities and cash flows that the Group does not receive as required by FRS 102.

(ii) Net Revenue is calculated by deducting the reported Withholding taxes (WHT) deducted at source from Revenue and representative of the Revenue key performance metric (KPI) used by the Group as it forms the basis for calculating net distributable income available to be distributed to members.

(iii) Net Distributable Income is calculated as Profit before tax and funds attributable to members and affiliated societies, excluding the share of profit/(loss) of joint ventures, including Withholding taxes (WHT) deducted at source. It is directly impacted by the movements in revenue and costs.

(iv) The Cost to Income ratio is calculated as total costs (Licensing and Administrative expenses excluding FX Gain / loss, Finance costs, Donations, Tax), less: Other Operating Income, Investment Income and FX gain/losses, as a % of Net Revenue. (C:I ratio excluding donations and subsidies is 9.2%).

(v) Distributions are measured as the gross amounts payable to members, before the application of Tax and VAT, aligned to the amounts disclosed in the Annual Transparency Report. This differs to the 'Amounts paid to members and affiliates' number included in the Consolidated Statement of Cash Flows, which is net of Tax, VAT and other deductions.

During the year it was identified that previously reported distributions had been overstated, resulting from the partial duplication of reporting of certain distributions paid directly to overseas members by affiliate societies. Detailed investigation and analysis have ensured that the current year reported distributions are accurate, but there was an overstatement in the prior year reporting of the distributed amounts of £11.6m in the Strategic Report disclosure. This would result in a decrease of the 2022 reported distributed amounts from £836.2m to £824.6m. Processes have been adapted to remove the duplication of reporting and additional controls embedded to further strengthen the reporting process.

The cost to income ratio, net revenue, net distributable income and distributions are non-GAAP measures. Given the nature of the business, the Group's directors are of the opinion that disclosure of KPIs other than those stated above is not necessary for an understanding of the performance of the business.

Commercial Achievements

The Group's record revenues result from our ambitious commercial strategy, which is built upon growing the value of existing licences, the pursuit of new business opportunities in existing and emerging markets, and improved agreements with affiliated overseas societies ensuring more royalties are returned to PRS members.

PRS For Music agreed several new licenses in 2023 including with Curzon, Narrative Entertainment, Sundance Now and Viacom 18; as well as agreeing terms with new entrants to the UK market including Paramount+ and Pluto TV. A further 18 licences were renewed including an agreement for three livestream events on Driift, and PRS For Music also signed up 52 new customers to published licensing schemes. PRS For Music conducted a record seven tariff consultations during 2023 across Education, Worship, Exhibitions, Podcasting, Digital Business and Cinema: with a phased implementation of the new tariff and schemes commencing from January 2024.

PRS For Music concluded its long running consultations with the classical community and its stakeholders by announcing changes to its live classical licence during 2023, giving individual musicians and orchestras the ability to perform any of the works included in PRS' classical repertoire at a new fixed rate of 6.5% and a variable rate of 10.5%.

With the resurgence of major tours, our work on optimising our flagship MLCS® program bore fruit with live revenues almost doubling from 2022. On the licensing front our key achievements included completing the Gulf airlines licensing project and improving financial terms with our largest cruise line partner Royal Caribbean Group as part of a new agreement. The retooling of our Africa strategy started strongly with MultiChoice agreeing to a settlement for the period 2022-2023 for $1.6M representing our largest ever payment for African markets. In Europe, we got the general assemblies of the two non-EU societies, TONO of Norway and SUISA of Switzerland, to formalise agreement to reduced cultural deductions.

Distributions

The total royalties paid out to rightsholders in 2023 was the highest in our 109-year history, the £944 million distributed an increase of £108 million (12.8%) on the previous year. Maintaining year-on-year record distributions has only been possible because of our long term investments in the systems and processes capable of managing the tens of trillions of lines of usage data which must be matched to the millions of individual works and rightsholders. In 2023, PRS For Music extend its partnership with Oracle allowing for the seamless transition to Oracle Exadata Database Services providing the capacity to accelerate of payments to members. PRS For Music was the first collecting Society to migrate data processing systems to the Oracle cloud infrastructure (OCI) offering scalability, enterprise security and enhanced performance.

This year, PRS For Music realised significant milestones in its ground-breaking five year project to revolutionise the policies and operational processes for royalty distribution. The End-to-End Project is providing a full and comprehensive review all business activities within the distribution ecosystem, to identify opportunities for greater automation and the opportunity to establish new partnerships.

In 2023, PRS For Music announced key partnerships with music recognition technology (MRT) companies on a mission to revolutionise public performance royalty distributions. The installation of MRT devices in businesses including cafés, bars, hair salons, restaurants, and retail locations across Great Britain, aims to help drive forward and accelerate accurate and transparent royalty distribution to music creators, by identifying the background music being played and reporting this usage back to PPL UK (PPL) and PRS For Music. This initiative will help PRS For Music and PPL to continue to define the global standard of music royalties, enhancing distribution efficiency and delivering optimum payments for their 300,000 collective members.

Despite best endeavours there are often objective reasons why some royalties can't be distributed, including missing data or personal information, legal disputes concerning rights ownership. We are constantly striving to reduce the royalties held, although by association as revenues increase and we are paying more members, the amount of royalties held generally increase. Following the success of the changes made to our annual transparency report (ATR) last year, we continue to be market leading in providing our members with greater granularity through the disclosure of both unallocated and undistributed funds.

Joint ventures

Our joint ventures and partnerships drive operational efficiencies through shared licensing and processing, resulting in a reduced cost-to-serve and more royalties being paid to members.

In 2023 our joint venture with PPL (PPL PRS Ltd), which combines public performance rights for sound recording and musical into a combined licence celebrated its five year anniversary. Since being established they have experienced significant challenges, including the covid pandemic and the cost-of-living crisis, but have still contributed to a 31% growth in Public Performance revenues since 2018 for the Group driven by the Live and Hospitality sectors.

International Copyright Enterprise ("ICE"), the joint venture with STIM and GEMA and the world's first integrated processing hub launched in 2016 continued to thrive with a number of key customers renewals. ICE offers world leading solutions for rightsholders and is leading the development of new technologies and services to tackle many of the challenges of the streaming market. ICE continues to provide enhanced matching and online service delivery, increasing both the processing speed and accuracy of works generating growth of 99% for the Group's MTOL revenue since 2019.

PRS For Music's critical partnership with Mechanical Copyright Protection Society (MCPS) has ensured another record year with growth in revenues and distributions, which are not reported in the Group's results. The combination of mechanical and performing rights in a unified licence, simplifies the process of obtaining rights for hundreds of thousands of customers, while providing operational cost savings for PRS and MCPS members.

Members and governance

The 2023 Annual General Meeting (AGM) also saw PRS For Music announce the reappointment of Grammy-nominated songwriter, V V Brown, award-winning singer-songwriter, Laura Mvula, and dance music producer, John Truelove, to the PRS Members' Council, and continue to ensure the views, concerns and needs of PRS members are being represented. Tom Toumazis MBE was also reappointed as an independent non-executive (iNED) Council Member. The Members' Council approved the appointment of Stevie Spring CBE in November 2023 as successor to Stephen Davidson, who is standing down at the AGM after completing his three terms. The Members' Council is also responsible for setting budgets, strategic oversight and reviewing company performance, serving as a conduit between the PRS team and songwriter, composer and music publishers who entrust their rights to the organisation.

PRS For Music announced a reduced joining rate to £30 for songwriters and composers under the age of twenty-five years, giving lifetime membership and access to the full range of benefits provided by PRS For Music to young music creators, ensuring they can be paid when their musical compositions and songs are used in the UK and around the world. The Members' Council has introduced the reduced rate in response to feedback from young songwriters and composers captured during the PRS Community initiative, with Members' Days events held across UK cities in 2022, and as part of its wider commitment to actively support the next generation of music creators.

Following the success of the PRS Community initiative, further regional Members' Days events were delivered in Glasgow (March), London (June) and Birmingham (December) during 2023, with Leeds and Bristol already planned for 2024. These popular events provided tailored programmes of industry expert panels, educational sessions, 1-2-1s with the Membership Team as well as a PRS Presents showcase for local talent. The attendees were also encouraged to network with their fellow local writers to generate opportunities to collaborate and support each other.

PRS For Music and PRS Foundation also announced a new multi-year funding agreement, committing £2.5m for 2023 and an increase in year-on-year funding which can be allocated to PRS Foundation from 2024, while also putting in place new measures to ensure its future financial security. Launched by PRS in 2000, PRS Foundation was established to support new music and talent development, enabling music creators of all backgrounds to realise their potential. Since its creation PRS For Music has provided funding in excess of £42 million to PRS Foundation.

In 2023 alone, PRS Foundation supported a number of new music projects and its success best demonstrated through the hundreds of nominations received by grantees each year for major industry awards. The grants from PRS For Music to PRS Foundation are funded through income generated separately from royalties paid out to members, most notably from interest earned on royalties awaiting distribution.

PRS For Music continued its support of key music industry awards, up and coming talent and events throughout the year, including Glastonbury, The Ivors, The Ivors Composer Awards, Music Week Awards, Women in Music Awards, Gramophone Awards, Royal Philharmonic Society Awards, Hospital Radio Awards, ARIAS, MG Alba Scots Trad Awards, Welsh Music Prize, Student Radio Awards, Production Music Awards, the Young Songwriter Competition, British Music Embassy (SXSW), The Great Escape, Radio Academy Festival, Brighton Music Conference and Focus Wales.

Diversity and inclusion

PRS For Music continues to embed new inclusive recruitment practices and career development strategies designed to increase the number of colleagues from under-represented groups, including within senior roles. An example of this is working with Clu, an inclusive recruitment platform that specialises in helping companies hire disabled and neurodiverse talent. The changes in recruitment processes, including actively using diverse hiring and interview methods, resulted in 41% of new starters joining PRS in 2023 from ethnically diverse backgrounds. PRS also improved the collection of employee ethnicity data, to 96.6% in 2023 (an increase of 4.3% from 92.3% in 2022). This gave PRS great ability to track and report progress against its diversity goals.

PRS For Music also continues to work with organisations to extend access to a wider reach of individuals and to also provide development, including Small Green Shoots for internships, and the Music Leaders Network course ran by Remi Harris MBE. We also worked with Attitude is Everything to provide support through courses for PRS employees who are disabled and neurodiverse, as well as for managers to learn how to support their disabled colleagues.

In 2023, PRS For Music accelerated activities to promote greater diversity and inclusion by strengthening the relationship between PRS employees and its members. For instance, PRS Connects Mothers in Music was an event hosted at the PRS office specifically for mothers to discuss challenges and improvements that can be made within the music industry. The panel consisted of Kyla, Charlene Haggerty, Lucy Francis and Maegan Cottone. Additionally, during Black History Month, PRS celebrated the 50th anniversary of Hip Hop by inviting creatives and artists such as Blak Twang, Vie Marshall and DJ Semtex to a live panel discussion, to speak about the evolution of hip hop, potential barriers and future possibilities for the music genre. Accompanying this was a PRS Presents event with members performing and celebrating Hip Hop at Brixton Jamm, which included a special print magazine interviewing core contributors from the Hip Hop community.

Throughout the year, PRS For Music continued to support and give a voice to organisations such as our long-standing partnership with Girls I Rate, a movement focussed on providing opportunities for young women in the creative industries. We delivered the GETHEARD Future Hitmaker Competition in addition to A Mother’s Write, and provided sponsorships to mothers in music songwriting camps and charities such as Beyond the Skin- which focuses on showcasing artists from impacted by conflict.

PRS For Music is preparing to publish its combined Gender and Ethnicity Pay Gap Report. This year marks the seventh year that PRS For Music has reported on the gender pay gap and the third year we have reported on the ethnicity pay gap, which highlights the journey to change and the organisation’s commitment to championing diversity and inclusion. Amongst its findings, the report shows that the gender pay gap mean (average), in favour of men, has reduced by half from 14% in 2023 to 7%. The report also reveals a notable increase in the number of women holding senior roles and a rise in the representation of people from ethnic communities across the workforce. PRS For Music remains committed to the UK Music’s Five Ps, which build on the foundations of the Ten-Point Plan. The plan focuses on people, policy, partnerships, purchase and progress, while providing a framework for change and charting progress across multiple protected and diverse characteristics.

This ongoing commitment has improved employment engagement results by 20 percentage points and reduced employee attrition rates by 4 percentage points since 2018 and contributed to PRS For Music's certification as a Top Employer 2024 by the Top Employer Institute. The certification recognises a company's dedication to a better world of work which it exhibits through its HR practices. PRS For Music is one of just 2,300 employers across 121 countries to have been recognised.

Sustainability

There has been an increased focus on climate-related matters in the Group as the landscape continues to evolve with further regulatory developments and changes in stakeholder expectations. The creation of an Environmental Social Governance (ESG) group was announced in late 2023 as part of the corporate engagement initiatives for 2024, to give more prominent recognition of the initiatives (including climate-related and environmental matters) across the business. For the first time, the Group has included the Climate-related financial disclosure (CRFD) report in its accounts and progress achieved in the year is covered in the Streamlined energy and carbon (SECR) report.

Statement by the directors in accordance with s172(1) Companies Act 2006

This statement sets out below how the board of directors of Performing Right Society Limited (PRS) have had regard to the matters set out in s172(1)(a-f) of the Act when performing their duty under section 172 of the Companies Act. This requires directors to act in the way they consider, in good faith, would be most likely to promote the success of PRS for the benefit of its members as a whole having regard (amongst other matters) to certain factors including likely long-term consequences, stakeholder interests and the desirability to maintain high standards of business conduct.

The PRS board of directors, referred to as the Members' Council, is responsible for leading engagement with PRS' members, is decision making in respect of membership strategy and policy, is responsible for driving efforts to ensure PRS leadership reflects the diversity of its members, oversees performance and approves the annual budget and Group strategy. Other than the Chief Executive Officer (CEO), all directors of the Members' Council are non-executive directors, comprising writer members, publisher members and independent non-executive directors. PRS has three established committees which support the Members' Council in carrying out its duties: Audit, Remuneration and Nominations Committees. In addition, PRS mandates certain authorities to its wholly owned subsidiary, PfM, which is responsible for operational matters and which also has committees focused on licensing and distribution decisions and strategy. The Members' Council, PfM Board and all PRS For Music committees are chaired by independent non-executive directors. As is usual with large companies, day-to-day management of PRS is carried out by an Executive Leadership Team (ELT) led by the CEO.

PRS promotes high standards of corporate governance throughout the organisation and holds three regular scheduled meetings to consider matters within its terms of reference and relevant to the Group with a further meeting to consider the annual report and accounts. In addition, training sessions, briefings and clarification meetings are arranged to support Council Members understand complex issues and to enable informed decisions. The Members' Council or PfM Board may also establish sub-groups to consider individual matters and topics relevant to the industry such as Artificial Intelligence. During 2022, a Members' Council Charter was adopted focusing on conduct, values and duties. Diversity of Members' Council is monitored through completion of an annual survey. In early 2023, an effectiveness review of the Members' Council, PfM Board and committees was undertaken for the first time since the introduction of new governance processes adopted following Annual General Meetings in 2020 and 2021. The output has been assessed by the Members' Council and recommendations are currently being implemented.

In December 2022, Nigel Elderton retired as Chair of the Members' Council after six years in the role and 30 years as a director of PRS. On 1 January 2023, Julian Nott, a writer Council Member, was appointed as the new Chair and Alex Kassner, a publisher Council Member, was appointed Deputy Chair both for a term of three years. Michelle Escoffery was re-appointed as President of the Members' Council for a second two year term. At the AGM in June 2023, Laura Mvula and Vanessa Brown were appointed as writer Council Members, each for a three year term. Previously, they had been appointed in July 2022 and January 2023, respectively, to fill casual vacancies. John Truelove (Simmons) was also re-appointed as a writer Council Member at the 2023 AGM for a third three year term.

During the year, the Members' Council appointed John Truelove, Pete Woodroffe and Crispin Hunt as writer directors to the Board of PfM, its operational subsidiary. Following a robust process which was overseen by a Nominations Committee sub-group, in November 2023 the Members' Council approved the appointment of Stevie Spring as successor to Stephen Davidson when he retires as PfM Board chair at the AGM in June 2024. Stevie brings with her extensive Board chairing experience across public, private, charity, government and membership organisations Stevie's appointment as Council Member is subject to approval by the membership at the AGM.

S172(1)(a) The likely consequences of any decision in the long term

The Members' Council focuses on keeping in touch with the needs of its members and this is central to its decision making. PRS' mission is to protect and grow the value of music rights entrusted to it and ensure the fair and accurate distribution of royalties with market leading transparency.

The vision is to achieve a £1 billion royalties distribution target by 2026 supported by revenue and efficiencies from internal processes and projects, cost to income below 10% from 2024 and innovation in our systems and strategic partnerships through data strategy and embracing new technology. To achieve the vision, in late 2021, the Members' Council approved a Five Year Plan which set out six strategic imperatives underpinned by actions and initiatives to 2026. The financial and capability requirements to enable delivery of the Five Year Plan were approved by the Members' Council in 2022. Financial performance is monitored and measured against the annual budget and Five Year Plan at every meeting and the CEO reports on progress against the strategic imperatives and corporate objectives, including key performance indicators. To support growth and delivery of the Five Year plan, an innovation expert was engaged during the year to help develop PRS's innovation capabilities. Currently, PRS is almost two years ahead of its plan.The Members' Council also observes market trends that could impact on policy and receives executive reports on international issues and other items of interest to PRS.

S172(1)(b) The interests of PRS' employees

The Members' Council recognizes the importance of attracting, retaining and motivating employees to deliver PRS's purpose, vision and long term success and health, safety and support for mental health and wellbeing is a priority.

A key strategic imperative reviewed is to build a high performing and engaged team and the CEO updates the Members' Council on employee engagement at its meetings. PRS's annual employee engagement score increased to 85% in 2023 from 82% the previous year with improvement across all categories except hybrid working, which marginally declined.

The Members' Council and PfM Board supported the move to a new office hub in late 2021 which created a vibrant and collaborative space for employees and allowed for flexible ways of working. A further 18,000 square feet opened in November 2022 divided into various behavioural zones to take account of the differing ways in which people work. The delivery of the PRS property strategy reduced the previous estate by 44% and has realised around a million pounds a year in savings for our members. Great consideration is given to encouraging and improving physical attendance in the office with initiatives such as making fresh fruit freely available. A corporate engagement group has been established for 2024 to look at hybrid working and balance, which as with progress in other engagement groups is reported back to the Members' Council in the monthly CEO report.

PRS holds monthly all-staff briefings led by the CEO, has an active employee forum and provides a strong and varied programme of engagement and well-being activities for employees and is particularly mindful of cost of living pressures. An all employee Conference was held in January 2023 which focused on reinforcing PRS' vision for its Five Year Plan with key themes of intrapreneurship and innovation. PRS also engages with employee representatives as appropriate and is supported by its own branch of Unite (the largest union in the UK).

Equity, diversity and inclusion is a key agenda item for the Members' Council which receives updates on progress against PRS objectives, the UK Music 10 Point Plan and alignment with the Five Ps (People, Policy, Partnerships, Progress and Purchase) and gives feedback on the various employee initiatives. Priorities for 2023 included reframing talent, recruitment training and a focus on neurodiversity. This included working with Clu, an inclusive recruitment platform specialising in disabled and neurodiverse talent and delivery of support courses for employees who are disabled and neurodiverse, as well as to managers so they can support their colleagues.

In January 2024, PRS published its Gender and Ethnicity Pay Gap report on its website, which is the seventh time it has reported on the gender pay gap and the third time it has reported its ethnicity pay gap. The report shows improving outcomes with the gaps reducing. Progress has been made in senior roles for both gender and ethnicity. Although not legally required to publish ethnicity pay gap data, PRS believes it is important that it is open and transparent about where it is and what it is doing both internally and externally with regards to diversity.

Through its committees and the PfM Board senior management succession planning and development is reviewed. Significant consideration is given to senior management remuneration by PRS to ensure it is appropriate and consistent with the long term objectives of the Group.

S172(1)(c) The need to foster PRS business relationships with suppliers, customers and others

The Members' Council and PRS for Music Board recognise the importance of effective engagement with their stakeholders in order to deliver the Five Year Plan and have regard to these relationships in their decision making.

Customer First is one of PRS's five values and is focused on delivering the best service we can by looking at things from our customers' point of view whether it is licensees or the wider collecting society network.

The Licensing Committee directs overall licensing strategy and policy, approves Broadcast, Online and Recorded Media licences and schemes within its delegated limits and reports on its decisions to the Members' Council and PRS for Music Board. In 2023, 24 deals were agreed with major UK Broadcast and Digital licensees.

The Members' Council and PRS for Music Board also monitor progress of their joint ventures which carry out activities and services on behalf of PRS. Responsible procurement is important to PRS and each year the Members' Council and PRS for Music Board review actions taken by the Group to support anti-slavery and human trafficking and approve a modern slavery statement which is published on the PRS for Music website.

S172(1)(d) The impact of PRS' operations on the community and the environment

The Members' Council is aware of the impact PRS has on the communities and the environment in which it operates in its decision making. During the year, the Members' Council approved bespoke donations and/or funding for its relationship charities the PRS Members Fund, which provides support to PRS members and their families who may be struggling financially or in need of other help, and the PRS Foundation, a funder of new music and talent development. In November 2023, the Members' Council approved nominations of representatives from the Council and Management to the PRS Foundation board and appointments of representatives from the Council and Management to the PRS Members' Fund board respectively. PRS also recognises the impact and value of the Ivors Academy of Music Creators, the independent trade body for songwriters and composers in the UK to which it has also contributed financially and engaged with during the year. Among employees, PRS for the Community facilitates volunteering activities for employees, fundraises for partner charities and celebrates all charitable work.

PRS recognises that climate change and sustainability are increasingly important to PRS stakeholders. Council members requested that sustainability be considered as part of the property strategy for the office re-location. A company wide sustainability strategy and policy is being developed through the Corporate Sustainability Group. For 2024, a corporate engagement group has been established to look at Environmental and Social engagement.

S172(1)(e) The desirability of the company maintaining a reputation for high standards of business conduct

The Members' Council is committed to maintaining the reputation of PRS and the Group and high standards of conduct in all its business dealings. Integrity is one of PRS's five values to which our compliance activities are anchored. PRS's other values are pioneering, inclusive, customer first and collaboration. PRS has a Code of Conduct applicable to its members and to licensees which it upholds. The Audit Committee reviews and approves control measures and frameworks to maintain high standards of corporate conduct. The Group has in place a number of compliance policies including anti-bribery and corruption, whistleblowing and data privacy and requires relevant employees to undertake mandatory training and assessments. As well as an annual business orientation refresher, Council Members also undertake compliance training and cyber training demonstrating their commitment to the PRS values.

S172(1)(f) The need to act fairly as between members of PRS

As a collection society, members are at the heart of PRS's business and are the reason that PRS exists. A crucial objective of the Members' Council is to ensure effective engagement with the membership. Results from our annual members survey are reviewed and considered by the Members' Council and PRS continues to make efforts to improve member experience. There is regular communication and interaction with its members through a number of channels including writer representatives and publisher briefings, genre specific member meetings and focus groups, outreach activities for new and upcoming members, our own member events and supporting other industry events.

To enable potential members increased accessibility to PRS and to support our strategy, during 2022 the Members' Council decided to introduce a reduced joining fee for writers under the age of 25 which was implemented in 2023.

To ensure fairness in decision making, there are an equal number of writer and publisher Council Members on the Members' Council, Board and each of their established Committees. Council Members also represent a variety of different genres. In addition four independent non-executive directors (iNED) sit on both the Members' Council and Board, of which at least three sit on each Committee with one of that number also chairing the Committee.

The Members' Council Chair position rotates between publisher and writer Council Members, with the current incumbent, a writer Council Member, taking the role from 1 January 2023, following the retirement of a publisher Council Member after a maximum 6 years (two terms) service. The Deputy Chair position also rotates alongside the Chair role, with a publisher Council Member, taking over the role from a writer Council Member in January 2023.

Non-financial and sustainability information statement (NFSIS)

Climate-related financial disclosures (CRFD)

Background

Climate change poses risks to companies and individuals alike. The CRFD requirements were introduced into the UK in January 2022 (applicable to reporting for financial years starting on or after 6 April 2022), and place requirements on certain companies to incorporate climate disclosures in their annual reports. The regulations are applicable to a company with more than 500 employees and a turnover of more than £500m. The Group has set out its approach to climate change below, providing detail on its governance structure, strategy, risk management and metrics and targets.

Governance and risk management

The Board of Directors is ultimately responsible for the oversight of climate-related risks and opportunities impacting the Group. However, climate related risk and opportunities have not been considered in detail by the board due to the current limited risk to the business, but these are planned to be considered as the climate reporting landscape develops further. They delegate strategic and operational management of the business to the ELT, which consists of the below positions:

- Chief Executive Officer
- Chief Financial Officer
- General Counsel
- Chief Information Officer
- Chief Operating Officer
- Chief Commercial Officer
- Chief International Business Officer
- Chief People & Transformation Officer
- Chief Strategy, Communications and Public Affairs Officer

A Corporate Sustainability Governance Group (CSG) is endorsed by the ELT (including two sponsors from the ELT) and has reported to the ELT on its progress during 2023. The purpose of the CSG in 2023 has been to develop a company-wide sustainability strategy covering all climate-related matters for the Group and built into the company's corporate objectives, focused on reducing emissions and developing a sustainability culture. The CSG includes representatives from Legal, Governance, IT and Finance to ensure broad representation from multiple business functions.

The climate-related risks are not considered a high enough risk to business operations and do not factor as part of the Corporate Risk register. In 2023, the CSG has engaged an external supplier to assist with carbon accounting and establish a baseline from which to measure future carbon reduction efforts. The carbon accounting and reporting exercise was completed in February 2024 which will support establishing a more informed risk assessment. This exercise is the first attempted by the Group and will be conducted on an annual basis covering Scope 1,2 and 3 supporting the preparation of CRFD and Streamlined energy and carbon reporting (SECR) for the 2023 annual report.

Whilst spend on purchased goods and services is reviewed annually, business travel and London Bridge hub KwH usage data is reviewed monthly using updates from the estate management team and business travel reports from our external service provider. The data is ingested into Power BI and converted to CO_2 tonnes and made available to the CSG to ensure appropriate monitoring. The comprehensive carbon accounting report introduced in 2023 has highlighted technology and property as the significant drivers for where the Group needs to focus as well as continuing to monitor business travel. This exercise will be conducted annually to inform the Group Risk strategy on climate change.

Strategy

The impact of the climate change and pursuit of carbon reduction can present risks to Group's strategy and objectives. The Group strategy focuses on Transition and Physical risks to the business:

Transition risks are those associated to organisations ability to adapt to internal and external change to reduce carbon emissions and relate to shifts in Policy, Technology, Market, Legal and Regulation that are likely to occur in the transition to a low carbon economy.

Physical risks are those associated with direct impacts of climate change, which can be driven by extreme weather events (acute) or longer term trends in climate patterns (chronic). Physical impacts of climate change can cause disruption to business operations, damage company assets and result in financial losses.

The climate risks and opportunities are assessed using Short (0-5), Medium (6-10) and Long term (10+ Year) horizons. These periods are defined by the typical business planning cycles and informed by our materiality assessment and climate scenario analysis.

	Risks	Time Frame	Opportunities	Our Response
*Transition Risks	Inability to respond to changes in reporting requirements and updates to policies (e.g. enhanced emissions-reporting obligations)	Medium and Long Term	Increased public reporting may increase reputation as a Sustainability conscious Society attracting new members and employees.	The CSG have partnered with a carbon accounting specialist to capture data and develop reporting supported by Industry data. The Group will further develop its strategy with support of the advisory & consultancy services offered by the partner. PRS will develop a Carbon reduction strategy, establishing a baseline and outlining our route to reduce emissions and achieve a lower carbon footprint. In late 2023, Members of the CSG undertook carbon literacy training through Climate EQ in early September. The training highlighted areas of focus and promoted awareness of the broader climate challenges which has better enabled discussion with employees.
	Reputational risk of perceived in action considering shifts in consumer preferences, increased stakeholder concern or negative stakeholder feedback.	Medium and Long Term		
	Energy Market changes may result in additional costs	Medium and Long Term	Manage energy efficiency in buildings and lower-emission sources of energy. Use of recycling. Reduced water usage and consumption promotes a sustainable business and lower costs.	PRS reduced its property footprint to a single Hub in 2021 and operates reduced opening of the building on low attendance days as well as closing floor space of the Hub on low attendance days to reduce emissions and save cost. PRS uses renewable energy, which is a cheaper alternative to fossil fuels. PRS re-purpose and re-use office furniture as well as recycles waste where possible as set out in the SECR report.
	Business Travel developments may impact Business meetings and Events	Medium and Long Term		The Covid-19 pandemic resulted in periods of low travel and there has been a clear resurgence since restrictions have been removed. PRS operates hybrid working which reduces employee commute emissions and monitors business travel challenging increasing trends.
	Emergence of new lower carbon technologies may drive additional cost to lower emissions technology	Medium and Long Term	Improve infrastructure and system architecture to reduce Carbon Emissions	PRS manages significant data levels which contribute to carbon footprint. PRS is engaged in reviewing data retention and shifting to cheaper and more energy efficient cloud based technologies and monitoring the impact of both cloud and server based services.
*Physical Risks	Extreme Weather Events may disrupt Employee Travel to London Bridge Hub	Medium and Long Term		Hybrid working enables employees to work from home or remote locations ensuring business remains fully operational.
	Extreme Weather Events may damage Business Assets or Infrastructure	Medium and Long Term		Business continuity process ensures limited disruption from office closure

Climate scenario analysis

Scenario analysis considers the potential impact of climate change on an organisation and its upstream and downstream partners. There are no specific scenario analysis relevant to our business and the Group has not had the opportunity in 2023 to commission any externally supported case studies. Therefore, the Group has considered publicly available climate-related scenarios to understand the transition and physical risks relevant to compliance, technology, operational performance, and business assets. The review of the scenario impacts considers the Group's resiliency and sensitivity to climate change at different transition rates and incremental temperature increases to 2C and 4C, which have been indicated as appropriate ranges in the scenario analysis studies considered.

In the short term the Group has limited exposure to climate risks given its limited property footprint, current use of renewable energy, absence of a complicated supply chain, and no holding investments in commodities. The most significant risks would be in the mid or longer term arising from reputational loss due to lack of action on sustainability and increased costs resulting from compliance requirements, technology changes or commitment to carbon offsetting activities.

The Group has considered business impacts based on the required pace of transition to achieve targets established in published International Energy Agency (IEA) scenarios limiting warming to 2C and 4C.

Transition to lower Carbon Emissions	Business Impacts
Rapid Transition	Aggressive policy and technology changes resulting in new investment to update technology and engage in carbon offsetting activities.
Gradual Transition	Uncertainty around strategy and in-decision regarding technology investment could impact competitive market positioning due to perceived lack of action.
Delayed Transition	Substantial effort over a shorter period increasing transition cost and reduced planning to shift to new lower carbon emitting technologies leading to a greater risk of non-compliance.

The physical impact scenarios has been considered using the UK Climate Projection (UKCP) tool that have been published through the BBC website and is supported by research studies. It predicts the estimated temperatures and climate impacts resulting from 2C increases from the current levels.

The analysis was simulated based on the location of the central London Bridge Hub to consider the risk of employees not being able to attend the office and damage to office based equipment or infrastructure (e.g Servers). The Group has operated hybrid working patterns since the Covid-19 pandemic and would be resilient to employees unable to attend the office in the event transportation becomes disrupted and unreliable due to weather related events. Other physical impacts could be to IT support Infrastructure (e.g. data centres), where increased temperatures could inhibit performance or increase costs.

	Category	Current	2C	4C
London	Hottest Day - Summer (C)	37C	38.5C	42.6C
	Hottest Day - Winter (C)	19.7C	20.1C	21.7C
	No. of Days Above 25C	6	11	21
	Rainy Days - Summer	8	7	5
	Rainy Days - Winter	10	10	10
	Wettest Day - Summer (mm)	43	49	52
	Wettest Day - Winter (mm)	38	34	51

Metrics and targets

The Group is proactively managing climate-related risks and is committed to contributing to the wider effort of addressing climate change, taking responsibility to understand and manage its carbon footprint. The greenhouse gas (GHG) emissions and intensity ratios are reported by relevant scope in the SECR report. A well-defined strategy and target setting will be considered in 2024 following further analysis of the carbon footprint drivers in the 2023 baseline.

PERFORMING RIGHT SOCIETY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Streamlined energy and carbon report (SECR)

The Group remains committed to sustainability through understanding its impact on the environment, implementation of appropriate monitoring, and introducing activities targeted at reducing its carbon footprint and the subsequent impact on climate change.

GHG emissions and energy use for 2023 financial year

	2023		2022	
	Consumption used to calculate emissions	tCO2e	Consumption used to calculate emissions	tCO2e
Emissions from combustion of gas (Scope 1)	0 Kwh	0	238,894 kwh	56
Emissions from purchased electricity, heat, steam, and cooling (Scope 2)	361,283 kwh	91	742,398 kwh	175
Emissions from the consumption of fuel for the purposes of transport (Scope 3)	801,727 km	361	474,335 km	238
Total gross tCO2e based on above fields		452		469
Intensity ratio: tCO2e per £ million of revenue based on the above fields		0.42		0.49
Intensity ratio (gross emissions): tCO2e per employee based on the above fields		0.87		0.97
Average Employees (FTE)		*518*		*484*
Revenue £000		*1.084*		*964*

Overall, tonnes of CO2 have reduced compared to 2022, driven by reductions in Scope 2 emissions following the closure of the Streatham office and tactical activities to reduce energy consumption in the London Bridge Hub. This has been partially offset by higher emissions from increased business travel resulting from an increased number of overseas events in 2023 and travel activities generally shifting back to pre-Covid-19 levels. Tonnes of CO2e per £m of revenue and per employee have declined due to overall reduction in emissions and an increase in both revenue and employees during the year.

Our environmental strategy will be developed in 2024 underpinned by carbon accounting data and concentrating on the application of more green practices designed to address climate change and sustainability. By investing in more environmental sustainability, there is an opportunity to reduce business risk, improve reputation as well as provide prospective cost savings.

Principal risks and uncertainties

The Audit Committee evaluates the risks and uncertainties that may affect the Group's performance and reports regularly back to the PfM Board and Members' Council. The Audit Committee met 4 times in 2023. The principal risks and uncertainties are detailed below.

Legislative risk

The nature of the Group’s activities in particular markets leads it into a number of areas of compliance risk. There is a sustained focus on ensuring compliance with UK and EU competition rules and with the General Data Protection Regulation (GDPR). Failure to comply with competition and data protection legislation can lead to significant fines. A committee is in place to oversee compliance across the Group and an ongoing programme of compliance measures is in place.

The Group is also subject to potential copyright law changes and given the changing nature of the industry this could have a significant impact on the Group’s revenue and operating procedures in the future.

Competitive risk

Changing working practices are opening up the market to more competition from societies and other organisations and the Group is at the forefront of these changes, actively seeking solutions to respond effectively to increased competition. This could result in the withdrawal of rights and repertoire as well as the emergence of direct licensing models. The Group drives market-focused licensing activity and demonstrates the relevance and benefits of the licensing approach, educates members on its service excellence and maintain relations with government bodies to ensure continued legitimacy.

Changing technology

With the increasing move towards digital usage of music, there is uncertainty over the future market for music and the implications on the costs of administering licenses. These changing technologies will offer new market opportunities and active review of existing and potential new streams is a key area of focus for the Group. The Board and the Audit Committee are fully aware of the pressures and opportunities this changing market imposes on the future of the business and are acting accordingly to optimise beneficial effects where possible.

Financial instrument risks

The Group has in place a framework to ensure that it has sufficient financial resources to meet its objectives and to manage financial risk. Foreign exchange risk is minimised through the timely exchange of foreign currency receipts for sterling and forward foreign exchange contracts are used to manage the exposure of non-sterling loans. Interest rate risk is managed by avoiding investing cash for periods of greater than 12 months. The use of financial derivatives is governed by the Group’s policies approved by the PfM Board and Members' Council, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Fraud risk

Criminal activities such as internal and external attempts such as trust-based license schemes, organisations operating subscription publisher models or administrative services aimed at defrauding companies can lead to the misappropriation of funds and loss of member income. The Group has developed a Distribution Fraud tool and manages robust pre-distribution checks as well as review of trust-based licensing schemes. Furthermore, Controls and awareness programmes are in place and a fraud response plan created for dealing with incidents of fraud or suspected fraud.

Exposure to price, credit and liquidity risk

Price risk for the Group arises where new licence schemes are challenged. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, with well-established credit control processes and a requirement that deferred terms are only granted to licensees who demonstrate an appropriate payment history and satisfy credit checking procedures, or with which the Group is actively in negotiations. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation. In addition, royalties are only distributed once collected and the Group holds substantial cash balances.

Cyber security

Cybercrime is a risk that malicious hacking could lead to data being illegally leaked, accessed or used and the prevention of customers from accessing required systems. This could lead to funds being misappropriated and loss to member income damaging the Group’s reputation. Protecting the data held on behalf of members, customers, partners, suppliers, societies and employees and ensuring the continued operation of the business is critical to maintaining the reputation of the Group. A multi-year cyber security transformation programme was launched in 2022 to further enhance the Group’s defences against, and ability to respond to, a cyber-attack. A cyber control framework is maintained with advanced threat protection measures, supported by additional resources alongside the delivery of mandatory compliance training for all employees to promote awareness of cyber related risks.

Artificial intelligence (AI)

The rapid development of AI products and services presents both risks and opportunities to the Group. Market saturation could arise from the mass registration of works not attracting copyright protection, AI presenting itself as an alternative to copyright works and the development of new business models at a faster rate than legislation. The Group monitors the AI market closely and engages with external experts to impacts as updating technology to recognise AI generated works and corporate documents to provide clarity on what can be registered.

Royalty distribution – accuracy and timeliness

The exponential year-on-year growth in the volume of data handled by the Group presents an ongoing risk to the accuracy and timeliness of royalty distributions to the Membership. To mitigate the risk, a multi-year IT programme to enhance the data processing capabilities of the systems that underpin royalty distributions assurance enhancements have already been successfully embedded into the business process.

Future Developments

The Group continues to monitor changes to the UK Corporate Governance landscape. This includes the Government's consultation on 'Restoring trust in audit and corporate governance' and the updated Corporate Governance Code 2024, published by the Financial Reporting Council in January 2024. While many of the regulations do not apply directly to PRS directly, the Group continues to monitor progress in this area and seeks to adopt best practice where it is appropriate and proportionate to do so. Additionally, the Group closely monitors the broader legislative landscape, noting the new failure to prevent fraud offence set out in the Economic Crime and Corporate Transparency Act 2023.

The Group is working with external parties to evaluate the potential impacts of the new UK minimum tax rules effective from 1 January 2024 (referred to as Pillar 2) and considers that it will likely be covered by one of the safe harbour rules.

Authorised on behalf of the Board

Julian Nott

Julian Nott
Director
4 April 2024

PERFORMING RIGHT SOCIETY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report on the affairs of the Group and the Company, together with the financial statements and auditor’s report, for the year ended year ended 31 December 2023.

Principal activities

The principal activity of the Group is the aggregation and licensing of the performing rights vested in it by its members and affiliated societies, and the collection and distribution of the resulting royalties. The Company represents over 160,000 members collecting royalties from various sources, including from live performance, television and radio broadcasts, and streaming.

The principal activity of the Group's principal subsidiary is to provide operational services to the Company and to act as a service provider to Mechanical-Copyright Protection Society Limited ("MCPS").

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Writers

V Brown	(appointed 4 January 2023)	L Mvula
M Escoffery-Ojo		J Nott
T Gray		P Pope
C Hunt		J Simmonds
D Masters	(resigned 6 June 2023)	P Woodroffe

Publishers

J Alway	D Lang
J Andersen	J Minch
A Bebawi	R Paine
N Gilroy	S Platz
A Kassner	

Independent Directors

S Davidson
E Ingham
G Mansfield
T Toumazis

Executive Director

A Czapary Martin

Julian Nott (Writer) was appointed Chair and Alex Kassner (Publisher) was appointed Deputy Chair in 2023 following Nigel Elderton retiring at the end of 2022 and Dru Masters stepping down in June 2023. Michelle Escoffery-Ojo re-appointed as President of the Members' Council.

Results and dividends
The results for the year are set out on page 24.

No interim dividends were paid. The directors do not recommend payment of a final dividend (2022: £nil).

Items covered in the Strategic report
The following items required by law to be included in the Directors' report have been covered in the Strategic report: Section 172 Statement, Climate related financial disclosure, Streamlined energy and carbon report, Principal risks and uncertainties and Future developments.

Qualifying third party indemnity provisions
The Group has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 S234. Such qualifying third party indemnity provision was in force during the financial year and at the date of approving the Directors’ report.

Political donations
There were no political donations made during the year (2022 - £nil).

Disabled persons
The Group complies with the requirements of the Equality Act of 2010 and is keeping its employment policies and procedures under review to ensure that disabled persons are not treated any less favourably than able-bodied persons in regards to applications, employment, training and career development. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development wherever appropriate.

Equal opportunity
The Group actively pursues a policy of providing equal opportunity to all its employees for internal training, development and promotion, and to applicants for employment. It does so without regard to colour, creed, ethnic origins, gender or any other grounds.

Employee involvement
The Group recognises the importance of keeping employees informed of all developments regarding the Group’s work and progress and to this end, copies of all the publications produced by the Group are freely available to all employees.

To achieve a common understanding and awareness amongst all employees of the Group’s plans, an extensive briefing and consultation process operates.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

In the case of each director in office at the date the Directors’ report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company’s auditor are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company’s auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as auditor will be proposed at the forthcoming Annual General Meeting.

PERFORMING RIGHT SOCIETY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. There is an agreed plan to reduce the Group deficit over time, while maintaining the maximum distributions to our members. This is actioned through the setting of administration rates, over which the PRS board exercises ultimate control and through control of the amounts charged by PfM to PRS. While the Group has a net deficit on its reserves, the Articles of PRS permit the retention from out of revenues of such amounts as are necessary for the expenses of the Company. The directors believe that the Group is well-placed to manage its business risks, given it has considerable financial resources including cash balances and short-term deposits of £260,192,000 (2022 - £210,960,000) at the year end and only makes distributions when monies have been received, and hence believe the Group and Company are a going concern.

The Group Statement of financial position reflects the impact of assuming £25,197,000 of historic liabilities when the MCPS-PRS Alliance dissolved in 2013. As a result, the Group has a net deficit of £37,072,000 at 31 December 2023 (2022 – £36,194,000). This deficit has increased from 2022 mainly due to the accounting valuation of the defined benefit scheme reducing further to a net deficit position of £10,087,000 from a net deficit of £4,848,000. PfM and the trustees of the pension schemes have agreed a recovery plan which includes an annual Group contribution of £2.5m through to 2030, with the intention of both schemes achieving self-sufficiency by December 2032. There is also an investment strategy in place to reduce future volatility.

The directors have also considered the status of its joint ventures and associate undertakings:

ICE Operations is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2023, after offsetting any final adjustments from the previous year, was £900,000 (2022 – profit of £1,087,000). ICE Operations is forecasting to cover its costs in future years and repay its loan finance over 10 years. At the year end, the value of the loans to be repaid by ICE Operations was £12,201,000 (2022 - £10,718,000) and the value of the equity investment was £nil (2022 - £2,958,000).

ICE Services is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2023, after offsetting any final adjustments from the previous year, was £3,311,000 (2022 – profit of £3,212,000). ICE Services is forecasting to continue to be profitable in future years. At the year end, the value of loans to be repaid by ICE Services was £nil (2022 - £nil) and the value of the equity investment was £100,000 (2022 - £100,000).

SOLAR is fully and equally supported by its shareholders. The Group's share of the profit for the year to 31 December 2023 was £298,000 (2022 – loss of £392,000). At the year end, the value of loans to be repaid by SOLAR was £429,000 (2022 - £429,000) and there was no equity investment (2022 - £nil).

NMP is fully and equally supported by its shareholders. The Group's share of the result to be recognised in the year to 31 December 2023, before any cost reduction adjustments for 2023 and after including any final cost adjustments from the prior year, was a loss of £304,000 (2022 – profit of £326,000). The value of the equity investment at the year-end was £976,000 (2022 - £960,000). At the year end, the value of the loans to be repaid by NMP was £nil (2022 - £nil).

PPL - PRS is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2023 was £337,000 (2022 - £271,000). PPL - PRS is forecasting to make profits in future years and repay its loan finance over 10 years from the date of commencement of licensing activities in the joint venture. At the year end, the value of loans to be repaid by PPL - PRS was £3,522,000 (2022 - £4,829,000) and the value of the equity investment was £50,000 (2022 - £50,000).

The directors do not believe it is appropriate to prepare downside scenarios, given the nature of the business and its cashflows and distribution policies. Therefore, after making enquiries and considering any subsequent events, the directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Events after the balance sheet date
In February 2024, an application seeking an opt-out collective proceedings order was filed in the UK Competition Appeal Tribunal (CAT) against Performing Right Society Limited and PRS For Music Limited (Note 25).

The claim is based on a misinterpretation of PRS' governance and operational practices, as well as the flow of royalties between publishers and the writers they represent. PRS is world leading in the accuracy and timings of its royalty distributions. It provides far greater transparency than other collecting societies, publishing unparalleled detail on the royalties it collects and pays out in its Annual Transparency Report (ATR). Members approve the appointment of PRS' independent auditors, who audit the ATR. The members then approve the ATR at the AGM.

There are no events which require adjustments to the financial statements.

Research and development
During 2023, the Group continued to develop its intangible assets focused on delivering service excellence to members and customers through the execution of technology and data orientated projects.

Corporate governance
The Company's Board of Directors (known as Members' Council) is ultimately responsible for the governance of the Company. The Company has a corporate governance framework in place, including matters reserved for Board and Members' Council approval and a scheme of delegated authority. There are to be three scheduled Members' Council meetings during each year, along with a number of other meetings with senior management, during which matters of strategic, commercial, operational and financial importance are discussed. Board meetings are supported by a robust level of reporting from the Company's executive management team, in the form of written papers and presentations at each meeting. The Members' Council delegates much of the business decision-making to the PfM Board in accordance with agreed mandates. PfM is an operational services company which has been a wholly-owned subsidiary of the Company since 1 July 2013.

Financial risk management
The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The management of principal risks and uncertainties is disclosed within the Strategic report, as permitted under s414C(11) of the Companies Act 2006.

Authorised on behalf of the Board

Julian Nott

Julian Nott
Director
4 April 2024

PERFORMING RIGHT SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PERFORMING RIGHT SOCIETY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Performing Right Society Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income statement;
- the Consolidated Statement of comprehensive income;
- the Consolidated and Company Statements of financial position;
- the Consolidated and Company Statements of changes in equity;
- the Consolidated Statement of cash flows;
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Streamlined Energy & Carbon Reporting regulations, Competition Law and Copyright Law.

We discussed among the audit engagement team, including relevant internal specialists such as tax, pensions, and IT, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

Invalid payment of distributions to non-members: We have evaluated the design and implementation of the relevant controls associated with the distribution payment process and assessed the paid vs payable reconciliation. We have used bespoke analytics to complete a 100% match of distributions paid to cash paid in the period and tested a sample of any unmatched items. We have performed analytical procedures on actual distributions paid to identify any anomalies. We have performed duplicate testing on bank details and contact information for suppliers, members and employees.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors’ report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

PERFORMING RIGHT SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PERFORMING RIGHT SOCIETY LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Darlison

Kate Darlison (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

4 April 2024

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Revenue	**3**	1,095,078	963,972
Licensing and administrative expenses		(127,329)	(107,743)
Other operating income		15,688	14,420
Operating profit	**4**	983,437	870,649
Other investment income	**8**	11,760	2,469
Finance (Costs)/Income	**9**	(174)	1,574
Amounts appropriated - donations		(2,779)	(2,692)
Share of profit from joint ventures	**13**	4,542	4,509
Profit before taxation and funds attributable to members and affiliated societies		996,786	876,509
Funds attributable to members and affiliated societies		(979,997)	(869,688)
Profit before taxation		16,789	6,821
Taxation	**10**	(10,207)	(5,379)
Group profit after taxation and funds attributable to members and affiliated societies		6,582	1,442

The Consolidated Income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 31 to 61 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Group profit after taxation and funds attributable to members and affiliated societies		6,582	1,442
Actuarial (loss) on defined benefit pension schemes	**24**	(7,561)	(30,073)
Foreign exchange gain on joint venture investments		101	396
Deferred tax on actuarial variances		-	5,379
Total comprehensive (expense) relating to the year		(878)	(22,856)

The notes on pages 31 to 61 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		2023		2022	
	Note	**£000**	**£000**	**£000**	**£000**
Fixed assets					
Intangible assets	**11**		17,430		15,995
Tangible assets	**12**		5,950		5,807
Investments	**13**		13,386		11,695
Defined benefit pension surplus	**24**		-		1,101
Trade and other receivables: amounts falling due after more than one year	**18**		13,350		14,786
			50,116		49,384
Current assets					
Trade and other receivables	**18**	225,509		189,873	
Investments - short-term deposits	**22**	160,086		125,444	
Cash at bank and in hand		100,106		85,516	
		485,701		400,833	
Creditors: amounts falling due within one year	**20**	(558,757)		(477,848)	
Net current liabilities			(73,056)		(77,015)
Total assets less current liabilities			(22,940)		(27,631)
Creditors: amounts falling due after more than one year	**21**		(1,674)		-
Provisions for liabilities	**23**		(2,371)		(2,614)
Net liabilities excluding pension liability			(26,985)		(30,245)
Defined benefit pension liability	**24**		(10,087)		(5,949)
Net liabilities			(37,072)		(36,194)
Total reserves - deficit			(37,072)		(36,194)

The financial statements on pages 24 to 61 were approved by the Board of Directors and authorised for issue on 4 April 2024 and are signed on its behalf by:

Julian Nott

Julian Nott
Director
Company Registration No. 00134396

The notes on pages 31 to 61 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		2023		2022	
	Note	**£000**	**£000**	**£000**	**£000**
Trade and other receivables: amounts falling due after more than one year	**18**		954		1,752
Current assets					
Trade and other receivables: amounts falling due within one year	**18**	264,861		237,019	
Investments - short-term deposits	**22**	154,657		120,250	
Cash at bank and in hand		88,217		72,699	
		507,735		429,968	
Creditors: amounts falling due within one year	**20**	(512,248)		(435,279)	
Net current liabilities			(4,513)		(5,311)
Total reserves - deficit			(3,559)		(3,559)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement. The profit before taxation and funds attributable to members and affiliated societies for the Company for the year was £979,997,000 (2022: £869,688,000).

The financial statements on pages 24 to 61 were approved by the Board of Directors and authorised for issue on 4 April 2024 and are signed on its behalf by:

Julian Nott

Julian Nott
Director
Company Registration No. 00134396

The notes on pages 31 to 61 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Total reserves £000
Opening reserves at 1 January 2022		(13,338)
Year ended 31 December 2022:		
Group profit after taxation and funds attributable to members and affiliated societies		1,442
Other comprehensive income:		
Actuarial loss on defined benefit plans	**24**	(30,073)
Foreign exchange gain on investments		396
Deferred tax on actuarial differences		5,379
Total comprehensive expense for the year		(22,856)
Closing reserves at 31 December 2022		(36,194)
Year ended 31 December 2023:		
Group profit after taxation and funds attributable to members and affiliated societies		6,582
Other comprehensive income:		
Actuarial loss on defined benefit plans	**24**	(7,561)
Foreign exchange gain on investments	**13**	101
Total comprehensive expense for the year		(878)
Closing reserves at 31 December 2023		(37,072)

The notes on pages 31 to 61 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Total reserves £000
Opening reserves at 1 January 2022	(3,559)
Year ended 31 December 2022:	
Total comprehensive income for the year	-
Closing reserves at 31 December 2022	(3,559)
Year ended 31 December 2023:	
Total comprehensive income for the year	-
Closing reserves at 31 December 2023	(3,559)

The notes on pages 31 to 61 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	£000	2023 £000	£000	2022 £000
Cash flows generated from operating activities					
Cash generated from operations	**29**		946,715		818,135
Amounts paid to members and affiliates	**29**		(899,878)		(791,373)
Net cash inflow from operating activities			46,837		26,762
Cash flows from investing activities					
Purchase of intangible assets		(7,581)		(3,406)	
Purchase of tangible assets		(1,016)		(3,541)	
Proceeds on joint venture capital repayments		2,574		-	
Interest received		11,760		2,568	
Repayments from joint venture loans		2,576		5,337	
Draw downs on loans to joint ventures		(2,657)		(2,138)	
Net cash flows generated from/(used in) investing activities			5,656		(1,180)
Net cash flows used in financing activities			-		-
Net increase in cash and cash equivalents			52,493		25,582
Cash and cash equivalents at beginning of year			210,960		180,894
Effect of foreign exchange rates			(3,261)		4,484
Cash and cash equivalents at end of year			260,192		210,960
Represented by:					
Investments held < 3 months			160,086		125,444
Cash at bank and in hand			100,106		85,516
			260,192		210,960

Deposits held for three months or less are shown as cash and cash equivalents. In addition to cash and cash equivalents held above, the Group holds £nil (2022 - £nil) in deposit accounts greater than three months. The notes on pages 31 to 61 form an integral part of these financial statements. The Company has elected to take the exemption under FRS102, paragraph 1 - 12 (b) not to present the Company Statement of cash flows.

1 Accounting policies

Company information

Performing Right Society Limited ("the Company") is a company limited by guarantee, domiciled and incorporated in England and Wales, United Kingdom. The registered office is Goldings House, 2 Hays Lane, London, SE1 2HB, United Kingdom.

Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

Basis of preparation

The financial statements are prepared in sterling, which is the functional currency of the Group and Company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared on the historical cost convention and modified to include financial instruments at fair value. The principal accounting policies adopted, which have been consistently applied to all the years presented, are set out below.

Format of Income statement and Statement of financial position

The formats of the Income statement and Statement of financial position have been adapted from that prescribed by the Companies Act 2006 in order to better reflect the nature of the business.

Definitions:

'PRS' means Performing Right Society Limited.
'PfM' means PRS for Music Limited.
'MCPS' means Mechanical-Copyright Protection Society Limited.
'ICE Operations' means ICE Operations AB.
'ICE Services' means International Copyright Enterprise Services Limited.
'NMP' means Network of Music Partners A/S.
'SOLAR' means SOLAR-Music Rights Management Limited.
'PPL - PRS' means PPL PRS Limited.
'PPL' means Phonographic Performance Limited.
'GEMA' means Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte, a German collecting society.
'STIM' means Svenska Tonsättares Internationella Musikbyrå, a Swedish collecting society.

Accounting convention

The Group financial statements consolidate the financial statements of Performing Right Society Limited and all its subsidiary undertakings drawn up to 31 December each year. As permitted by s408 Companies Act 2006, the Company has not presented its own Income statement and Statement of cash flows.

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the result of its joint ventures made up to 31 December. Associates which have been assessed as being immaterial to the Group, are accounted for at cost. In the Company financial statements investments in subsidiaries, joint ventures and associates are accounted for at the lower of cost and net realisable value.

1 Accounting policies **(Continued)**

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. There is an agreed plan to reduce the Group deficit over time, while maintaining the maximum distributions to our members. This is actioned through the setting of administration rates, over which the PRS board exercises ultimate control and through control of the amounts charged by PfM to PRS. While the Group has a net deficit on its reserves, the Articles of PRS permit the retention from out of revenues of such amounts as are necessary for the expenses of the Company. The directors believe that the Group is well-placed to manage its business risks, given it has considerable financial resources including cash balances and short-term deposits of £260,192,000 (2022 - £210,960,000) at the year end and only makes distributions when monies have been received, and hence believe the Group and Company are a going concern.

The Group Statement of financial position reflects the impact of assuming £25,197,000 of historic liabilities when the MCPS-PRS Alliance dissolved in 2013. As a result, the Group has a net deficit of £37,072,000 at 31 December 2023 (2022 – £36,194,000). This deficit has increased from 2022 mainly due to the accounting valuation of the defined benefit scheme reducing further to a net deficit position of £10,087,000 from a net deficit of £4,848,000. PfM and the trustees of the pension schemes have agreed a recovery plan which includes an annual Group contribution of £2.5m through to 2030, with the intention of both schemes achieving self-sufficiency by December 2032. There is also an investment strategy in place to reduce future volatility.

The directors have also considered the status of its joint ventures and associate undertakings:

ICE Operations is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2023, after offsetting any final adjustments from the previous year, was £900,000 (2022 – profit of £1,087,000). ICE Operations is forecasting to cover its costs in future years and repay its loan finance over 10 years. At the year end, the value of the loans to be repaid by ICE Operations was £12,201,000 (2022 - £10,718,000) and the value of the equity investment was £nil (2022 - £2,958,000).

ICE Services is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2023, after offsetting any final adjustments from the previous year, was £3,311,000 (2022 – profit of £3,212,000). ICE Services is forecasting to continue to be profitable in future years. At the year end, the value of loans to be repaid by ICE Services was £nil (2022 - £nil) and the value of the equity investment was £100,000 (2022 - £100,000).

SOLAR is fully and equally supported by its shareholders. The Group's share of the profit for the year to 31 December 2023 was £298,000 (2022 – loss of £392,000). At the year end, the value of loans to be repaid by SOLAR was £429,000 (2022 - £429,000) and there was no equity investment (2022 - £nil).

NMP is fully and equally supported by its shareholders. The Group's share of the result to be recognised in the year to 31 December 2023, before any cost reduction adjustments for 2023 and after including any final cost adjustments from the prior year, was a loss of £304,000 (2022 – profit of £326,000). The value of the equity investment at the year-end was £976,000 (2022 - £960,000). At the year end, the value of the loans to be repaid by NMP was £nil (2022 - £nil).

PPL - PRS is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2023 was £337,000 (2022 - £271,000). PPL - PRS is forecasting to make profits in future years and repay its loan finance over 10 years from the date of commencement of licensing activities in the joint venture. At the year end, the value of loans to be repaid by PPL - PRS was £3,522,000 (2022 - £4,829,000) and the value of the equity investment was £50,000 (2022 - £50,000).

The directors do not believe it is appropriate to prepare downside scenarios, given the nature of the business and its cashflows and distribution policies. Therefore, after making enquiries and considering any subsequent events, the directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1 Accounting policies **(Continued)**

Revenue

Operating fees receivable
Revenue relates to the provision of operating services to third parties and is accounted for on an accruals basis, so that income is recognised in the period to which it relates.

Licence revenue
Licence revenue is recognised gross, in line with the Group's judgement that it is the Principal in its arrangements with its members.

Broadcasting and Public Performance revenue is accounted for on an accruals basis over the period of the contract, so that income is recognised in the period to which it relates.

Online revenue is recognised over the period to which the licence or usage relates. Where online revenue is invoiced on a minimum guarantee basis, the recognition will ultimately be based on usage.

Income from overseas collecting societies is recognised in the period in which it is received or it becomes virtually certain of being received and is recognised gross of non-refundable withholding tax deductions.

Where income is received as a result of audit activities it is recognised net of associated costs.

Interest income
Interest income is recognised on an accruals basis when the Group’s right to receive payment have been established, provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Foreign exchange
Company
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Income statement for the period.

Group
The financial statements are translated at the rate of exchange ruling at the Statement of financial position date. The exchange differences arising on the retranslation of opening net assets are taken directly to reserves. All other differences are taken to the Income statement for the period.

Funds attributable to members and affiliated societies
Funds attributable to members and affiliated societies represents the royalty income earned and recognised in the period, for rights licensed by the Company and net of operating costs, available to be distributed to members and affiliates of the society. These amounts are not allocated to individual members until payment of the royalties takes place. The deduction for the amounts attributable to the members and affiliates, some of which will not be allocated and distributed until a future period, is taken through the Consolidated Income statement.

Leases
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the Statement of financial position and are depreciated over their useful lives.

Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged in the Income statement on a straight-line basis over the lease term. Lease incentives are credited to the Income statement, to reduce the lease expense, on a straight-line basis over the lease term.

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Computer software and internally generated software costs are stated at cost less accumulated amortisation and accumulated impairment losses. Internally generated software costs, which are predominantly the staff costs of individuals contributing to the development of the asset, are capitalised as intangible assets when technical feasibility, control of the asset and future economic benefits have been established.

Where factors, such as technological advancement or changes in market price, indicate that the residual value or useful life have changed, the residual value, useful economic life ("UEL") or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be changed. Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following straight line basis:

Software	3 - 7 years

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets acquired at a cost of more than £1,000, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset on a straight line basis as follows:

Leasehold land and buildings and building improvements	shorter of lease term and 40 years
Systems and equipment	3 - 7 years

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Operating profit/(loss)'.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Non-current investments

Investments are valued at cost less provisions where, in the opinion of the directors, there has been impairment in value.

The carrying values of the investments are reviewed for impairment in the reporting period, if events or changes in circumstances indicate the carrying value may not be recoverable.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the Group has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1 Accounting policies **(Continued)**

Impairment of non-current assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Other deposits, held for greater than three months, are classed as current assets but are excluded from cash as cash equivalents as disclosed in the Consolidated statement of cash flows.

Financial instruments

The Group has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's Statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

1 Accounting policies (Continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, amounts due to members and affiliated societies and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Amounts due to members and affiliated societies represent net obligations to pay out royalties collected for rights licensed by the Company.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting

Any hedge arrangements are limited to foreign currency loans and do not meet the criteria for hedge accounting.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the reporting end date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the reporting end date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the reporting end date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting end date.

Withholding tax is a complex issue that requires analysis of domestic legislation, double tax treaties and the submission of forms and documents to relevant payers and tax authorities. Due to the inherent complexities, there is a risk that not all withholding tax has been accounted for correctly. The Group therefore continues to consult with tax specialists on a regular basis to consult and review the tax structuring arrangements. The Group recognises non-refundable and refundable withholding taxes as tax expenses in the Income Statement and therefore revenue is reported gross of withholding taxes.

Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, a determination is made on whether the obligation is remote, possible or probable and whether a reliable estimate can be made for the obligation amount.

The amount recognised as a provision is the best estimate in consideration for the costs related to the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected related to the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Group has recognised a constructive obligation relating to litigation at the Statement of financial position date. The obligation has been calculated by estimating the most likely course of action pertaining to two litigation cases. It is expected that most of these costs will have been incurred within one year of the Statement of financial position date.

The Group has also recognised a provision for the estimated cost of returning its leasehold property in London Bridge to the original condition at the end of the lease.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets. The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received. Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies (Continued)

Retirement benefits

Defined benefit pension plan

The Group operates two defined benefit pension schemes, both of which require contributions to be made to separately administered funds. The MCPS-PRS Alliance Pension Scheme (MCPS) was closed to new entrants from 1 January 1999 and The MCPS-PRS Alliance Pension Scheme was closed to new entrants from 1 January 2003. The Schemes closed to future accrual on 31 December 2010 with all remaining active members at that point becoming deferred members and losing the link to final salary.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the Income statement on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss that is recognised in the Income statement. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations over time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs is recognised in the Income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the Statement of comprehensive income in the period in which they occur.

The defined benefit pension surplus or liability in the Statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. Under FRS102, the Group is permitted to recognise a defined benefit pension surplus if the rules of the scheme entitle the Group to recover the surplus either through reduced contributions in the future or through refunds from the plan. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Defined contribution pension plan

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2 Judgements and key sources of estimation uncertainty

Critical judgements and estimates

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Judgements

Principal versus agent

PRS has determined that, by virtue of it being the legal owner of the rights that are being exploited, it is the Principal party in its agreements with its members and as such the financial statements have been prepared on this basis with the full gross royalty revenues accounted for as revenue in the Income Statement. When making this assessment, PRS has considered that it is a condition of membership that members assign the ownership of the performing rights in their musical works to PRS throughout their term of membership, subject to the provisions of PRS' Constitution, and that PRS is entitled to exercise independent decision-making and discretion in relation to the royalty sums it receives, including decisions relating to their distribution, investment, and application for the purposes of PRS business activities.

Funds attributable to members and affiliated societies

Funds attributable to members and affiliated societies is the recognised royalty income for the period that could be considered as distributable, after deduction of certain costs. It is management's judgement that the amounts that are distributed to individual members and affiliated societies, after the application by the society of its various distribution policies, are intrinsically linked to and conditional upon their respective roles as authors and/or publishers or (in the case of an affiliated society) other person interested in the various copyright works of the intellectual property rights in which they have each assigned or mandated to PRS. These are not payments made to such person by virtue only of their being members (i.e. owners) of the Society in company law, therefore the deduction for funds attributable to members and affiliated societies is presented in the Income Statement.

Key sources of estimation uncertainty

Retirement benefit schemes

The Group has an obligation to pay pension benefits to members of the defined benefit pension schemes. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, inflation, asset valuations and the discount on corporate bonds. Management estimates these factors in determining the net pension obligation on the Statement of financial position and these estimates are based on recommendations from the Group's actuary, Aon. See note 24 for the disclosures relating to the defined benefit pension schemes.

Impairment of receivables

The Group makes an estimate of the recoverable amount of trade and other receivables. When assessing the carrying value of trade and other receivables management considers the existence or likelihood of any conditions relating to invoices which may be required to be deducted from revenue as the group would not end up being entitled to receive license revenue for the period invoiced for. When assessing impairment of trade and other receivables, management considers factors including the current credit rating of the receivable, the ageing profile of the receivable, historical experience and any other evidence or knowledge of current issues that the Group is experiencing. During the year, an adjustment has been made to revenue of £0.9m to reflect management's judgement of those items where the group would not be entitled to recognise the revenue. A provision of £19.6m is held in respect of the impairment of receivables. See note 18 for the net of the carrying amount of receivables and associated impairment provision.

3 Revenue

An analysis of the Group's revenue is as follows:

	2023 £000	2022 £000
Revenue		
Public Performance	251,711	228,892
Broadcast	127,395	128,705
Online	367,905	333,964
International	348,067	272,411
	1,095,078	963,972

Revenue for 2023 includes £10,207,000 of non-refundable withholding tax deducted at source, with £8,795,000 included in International revenue and £1,412,000 in Online revenue. Revenue for 2022 is stated net of non-refundable withholding tax deductions at source (2022: £7,310,036) due to a change in accounting treatment for 2023.

Revenue analysed by geographical market

	2023 £000	2022 £000
United Kingdom, Channel Islands and Isle of Man	432,529	408,241
Europe	497,679	428,246
North America	105,699	84,187
Asia	18,574	15,479
Central and South America	17,971	8,849
Australasia	16,852	15,735
Africa and Middle East	5,774	3,235
	1,095,078	963,972

4 Operating profit

	2023 £000	2022 £000
Operating profit for the year is stated after charging/(crediting):		
Exchange loss/(gain)	3,362	(4,484)
Depreciation/amortisation of fixed assets	6,819	7,554
(Profit)/loss on disposal of tangible assets	(1)	2,697
Loss on disposal of intangible assets	197	387
Loss on repayment of joint venture investment	383	-
Operating lease charges	1,498	220

5 Auditor's remuneration

	2023	2022
Fees payable to the Group's auditor and its associates:	**£000**	**£000**
For audit services		
Audit of the financial statements of the Group and parent company	70	65
Audit of the Company's subsidiaries	145	132
	215	197
For other services		
Other audit related services	30	28

6 Employees

The average monthly number of persons (excluding Board directors) employed by the Group during the year was:

	2023 Number	2022 Number
Licensing	57	49
Distribution and membership	151	156
Support services	310	279
	518	484

All employee costs are incurred by the Group and are presented below. There are no Company employees. Employee costs, including the CEO as the highest paid Director, have increased in 2023 due to the uplift in headcount and the higher cost of the company-wide incentive scheme compared to 2022.

Their aggregate remuneration comprised:

	2023 £000	2022 £000
Wages and salaries	35,720	32,823
Social security costs	4,107	3,766
Other pension costs	1,996	1,732
	41,823	38,321

PERFORMING RIGHT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

7 Directors' remuneration

	2023	2022	2021	2020	2019
	£000	£000	£000	£000	£000
Remuneration for qualifying services:					
Chair	68	65	63	62	63
Other non-executive Directors	737	728	687	461	462
CEO	1,047	949	702	398	1,371
Pension contributions	45	33	33	33	41
	1,897	1,775	1,485	954	1,937

Number of:					
Non-executive Directors	23	23	25	26	24
CEO's	1	1	1	1	2

The number of directors stated above also includes the directors of PRS for Music Limited. The number of directors for whom retirement benefits were accruing under defined contribution schemes during the year amounted to one (2022 - one). No directors (2022 - none) were members of the defined benefit schemes.

The directors are considered the key management personnel of the company. Remuneration disclosed above includes amounts paid to non-executive directors and the CEO, who was the highest paid director in the year. The fees of the independent non-executive directors are included in the PRS disclosure, to reflect the governance changes made in late 2020.

The nature of the role makes it impossible to be specific about the maximum time commitment as unexpected matters may arise from time to time. The annual fees paid and approximate expected time commitments for the different categories of non-executive directors are set out below:

- Writer President, annual fee of £48,555 for an expected time commitment of an average of 4 days per month
- Members' Council Chair, annual fee of £68,217 for an expected time commitment of an average of 4 days per month
- Members Council Deputy Chair, annual fee of £36,025 for an expected time commitment of an average of 4 days per month
- PfM Board Chair, annual fee of £117,935 for an expected time commitment of 5-6 days per month (for both Members' Council and Board responsibilities)
- Independent non-executive directors (excluding PfM Board Chair), annual fee of £54,382 for expected time commitments varying from 16-20 days per year, including Committee Chair and PfM Board responsibilities
- Writer & Publisher non-executive directors – Members Council only, annual fee of £18,334 for an expected time commitment of 8-10 days per year
- Writer & Publisher non-executive directors – Members Council and PfM Board, annual fee of £30,315 for an expected time commitment of 14-20 days per year

During 2023, the actual time incurred by many of the directors listed above exceeded the approximate expected time commitment.

7 Directors' remuneration **(Continued)**

Remuneration paid to the highest paid director:

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Remuneration for qualifying services:					
Salary	506	471	404	398	245
Bonus and other benefits	541	478	298	-	452
Compensation for loss of office	-	-	-	-	294
Pension contributions	45	33	33	33	22
	1,092	982	735	431	1,013

The CEO's bonus is a combination of corporate and personal performance and is based upon a range of stretching targets measured across the year. The objectives are both set, and the results reviewed and approved, by the Remuneration Committee on an annual basis.

8 Other investment income

	2023 £000	2022 £000
Interest income		
Interest on bank deposits	10,974	1,951
Other interest income	786	518
	11,760	2,469

9 Finance costs/(Income)

	Note	2023 £000	2022 £000
Interest related to the net defined benefit liability	24	174	(694)
Past service credit related to the net defined benefit liability		-	(880)
		174	(1,574)

10 Taxation

	2023 £000	2022 £000
Current tax		
Tax deducted at source	10,207	-
Origination and reversal of timing differences	-	5,379
Total tax charge	10,207	5,379

PERFORMING RIGHT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

10 Taxation **(Continued)**

The tax charge assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 25.00% (2022 - 19.00%). The differences are explained below:

	2023 £000	2022 £000
Profit before taxation	16,789	6,821
Expected tax charge based on a corporation tax rate of 23.52% (2022 - 19.00%)	1,548	1,296
Tax effect of expenses that are not deductible in determining taxable profit	(964)	(194)
Effect of change in tax rates	296	1,291
Depreciation on assets not qualifying for tax allowances	73	86
Deferred tax not provided on current year movement	(953)	2,900
Tax deducted at source	10,207	-
Tax expense for the year	10,207	5,379

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £000	2022 £000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	-	(5,379)

Changes to the UK corporation tax rates were enacted from 1 April 2023, increasing the main rate from 19% to 25%. Accordingly, current tax has been calculated at the rate for the year of 23.52% and, as the changes had been substantively enacted at the balance sheet date, the unrecognised deferred tax asset has been calculated using a rate of 25%.

The Group has an unrecognised deferred tax asset of £16,042,000 (2022 - £14,961,000) made up of trading losses £10,906,000 (2022 - £10,164,000), pension contribution spreading of £177,250 (2022 - £492,000), and fixed asset and other timing differences of £4,959,000 (2022 - £4,305,000). This is inclusive of an unrecognised deferred tax asset arising on pension deficit of £2,761,000 (2022 - £2,140,000). Of the total unrecognised deferred tax asset, £2,351,000 is in the Company (2022 - £2,369,000) and £13,691,000 is in PfM (2022 - £12,592,000).

The Group has unused Tax Losses of £43,623,762 (2022 - £40,554,926), which have no effective expiry date. This consists of £9,476,064 (2022 - £9,476,064) in PRS and £34,147,698 (2022 - £31,178,662) in PfM.

11 Intangible fixed assets

Group	Software
	£000
Cost	
At 1 January 2023	91,334
Additions	7,581
Disposals	(197)
At 31 December 2023	98,718
Accumulated amortisation	
At 1 January 2023	75,339
Amortisation charged for the year	5,949
At 31 December 2023	81,288
Carrying amount	
At 31 December 2023	17,430
At 31 December 2022	15,995

Intangible assets are long-term investments made in order to build or create IT systems or applications used by the organisation. This includes directly attributable costs of staff, contractors and consultants. Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss. The carrying amount includes work in progress (WIP) of £6.5m, which includes additions of £3.9m and disposals of £0.2m in 2023.

Amortisation of intangible assets is included within Administrative expenses in the Income Statement.

The Company had no intangible assets at 31 December 2023 or 31 December 2022.

12 Tangible fixed assets

Group	**Leasehold land and buildings and building improvements**	**Systems and equipment**	**Total**
	£000	**£000**	**£000**
Cost			
At 1 January 2023	5,635	7,149	12,784
Additions	-	1,016	1,016
Disposals	-	(29)	(29)
At 31 December 2023	5,635	8,136	13,771
Accumulated depreciation			
At 1 January 2023	1,483	5,494	6,977
Depreciation	311	559	870
Eliminated in respect of disposals	-	(26)	(26)
At 31 December 2023	1,794	6,027	7,821
Carrying amount			
At 31 December 2023	3,841	2,109	5,950
At 31 December 2022	4,152	1,655	5,807

All leasehold agreements are for a period of less than 40 years.
The Company had no tangible fixed assets at 31 December 2023 or 31 December 2022.

PERFORMING RIGHT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 Investments

		Group		Company	
		2023	2022	2023	2022
	Note	£000	£000	£000	£000
Investments in joint ventures	**15**	13,386	11,695	-	-

Movements in non-current investments

Group	Joint ventures
	£000
Cost or valuation	
At 1 January 2023	11,695
Revaluation changes	6
Share of profit from joint ventures	4,542
Capital repayment	(2,958)
Foreign exchange gain on joint venture net assets	101
At 31 December 2023	13,386
Impairment	
At 1 January 2023	-
At 31 December 2023	-
Carrying amount	
At 31 December 2023	13,386
At 31 December 2022	11,695

A capital repayment from ICE Operations AB of £2,574,233 was received during 2023 resulting in a foreign exchange loss of £383,359 against the original investment of £2,957,592 due to currency conversion.

14 Subsidiaries

Details of the Group's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Company registration	Nature of business	Class of shareholding	% Held Direct	Indirect
Mechanical Copyright (Overseas) Limited	01342133	Dormant	Membership	100.00	
Music Copyright Operational Services Limited	03824955	Dormant	Ordinary Shares	100.00	
Musiclicensing.com Limited	03936115	Dormant	Ordinary Shares	100.00	
Musiclicensing.org Limited	04042187	Dormant	Ordinary Shares	100.00	
PRS for Music Limited	03444246	Service Company	Ordinary Shares	100.00	
The Music Alliance Limited	03537311	Dormant	Ordinary Shares	100.00	
GRD Prep Co Limited	08121496	Dormant	Ordinary Shares		100.00
Imprimatur Services Limited	03882134	Dormant	Ordinary Shares		100.00
PRS for Music (USA) Limited	06805434	Dormant	Ordinary Shares		100.00
Rightswatch Limited	04178447	Dormant	Membership		100.00
The MCPS-PRS Alliance Limited	06825354	Dormant	Ordinary Shares		100.00

The registered office address of all subsidiaries is Goldings House, Hays Lane, London, SE1 2HB and the country of incorporation is England and Wales.

Performing Right Society Limited has guaranteed the liabilities of the above dormant subsidiaries, in order that they qualify for the exemption from audit under Section 394A or 479A (as appropriate) of the Companies Act 2006 in respect of the year ended 31 December 2023.

15 Joint ventures

Details of joint ventures at 31 December 2023 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business and registered office address	Class of shareholding	% Held Direct	Indirect
Network of Music Partners A/S	Denmark	Service Centre, Rued Langgaards Vej 8, 2300 Copenhagen S, Denmark	Ordinary Shares		50.00
SOLAR-Music Rights Management Limited	England and Wales	Pan-European Licencing, Russell Square House, 10-12 Russell Square, London, UK, WC1B 5EH	Ordinary Shares		50.00
Global Repertoire Database Limited	England and Wales	Global repertoire database, Goldings House, 2 Hays Lane, London, UK, SE1 2HB	Membership		50.00
International Copyright Enterprise Services Limited	England and Wales	Multi-territorial Licencing, Russell Square House, 10-12 Russell Square, London, UK, WC1B 5EH	Ordinary Shares		33.33
PPL PRS Limited	England and Wales	UK public performance licensing, Mercury Place, St George Street, Leicester, UK, LE1 1QG	Ordinary Shares		50.00
ICE Operations A.B	Sweden	Service Centre Gustavslundsvagen 135, Stockholm, 167 51 Bromma, Sweden	Ordinary Shares		33.33

16 Associates

Details of associates at 31 December 2023 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shareholding	% Held Direct	Indirect
British Music Rights Limited	England and Wales	Dormant	Ordinary Shares	25.00	

The registered office address of British Music Rights Limited is Goldings House, 2 Hays Lane, London, UK, SE1 2HB

17 Significant undertakings

The Group also has significant holdings in undertakings which are not subsidiaries and are not classified as joint ventures or associated undertakings:

Name of undertaking and country of incorporation or residency		Nature of business and registered office address	Class of shareholding	% Held Direct	Indirect
UK Music 2009 Limited	England and Wales	Lobbying organisation, 4th Floor, 49 Whitehall, London, UK, SW1A 2BX	Membership		10.00

18 Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
Amounts falling due within one year:	£000	£000	£000	£000
Trade receivables	48,759	48,298	28,563	25,246
Amounts owed by related parties	101,467	107,676	35,600	33,809
Amounts owed by group undertakings	-	-	132,528	149,608
Amounts owed by joint ventures	3,264	1,670	-	-
Other receivables	29,979	30,187	28,538	28,356
Accrued revenue	39,632	-	39,632	-
Prepayments	2,408	2,042	-	-
	225,509	189,873	264,861	237,019
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	954	1,752
Amounts owed by joint ventures	12,889	14,305	-	-
Other receivables	461	481	-	-
	13,350	14,786	954	1,752

The directors have considered the Trade and other receivables balance to approximate its fair value.

Trade receivables arise as a result of the Group raising invoices for Broadcast and UK online licensing. Trade receivables and Amounts owed by related parties are stated after provisions for impairment of £19,572,000 (2022 - £19,308,000).

Amounts owed by related parties arise as a result of invoicing via special purpose vehicles and joint ventures for multi-territory online and public performance licensing on behalf of the Group. Aside from the loans to joint ventures, which are detailed below, amounts due from related parties are interest free and payable when funds have been received from the licensee.

Other receivables represents reclaimable VAT, accrued interest receivable and other sundry receivables.

Accrued revenue of £39,632,000 relates to 2023 usage, which has been invoiced in 2024.

Within amounts falling due within one year in the Company, an amount of £798,000 (2022 - £826,000) relates to the current element of the interest free loan to PfM. The loan relates to exceptional contributions into the defined benefit pension schemes made by PfM in 2005 and funded by the Company. The balances are repayable over 20 years and are contractually not interest-bearing. The loan is measured at the present value of the future payments discounted at a market rate of interest for a similar financial instrument. Over the period of the loan, interest payable is calculated and added to the loan using the effective interest method. At the transition date the loan was discounted at 6.5% (Bank of England rate at the inception date, 2005, plus 2%) and the shortfall credited to profit and loss reserve. The effect of discounting will unwind over the period of the loan as interest charged to the Income statement.

18 Trade and other receivables (Continued)

Loans receivable - ICE Operations

PfM had total loans of £12.2m receivable from ICE Operations and its subsidiaries at 31 December 2023 (2022 - £10.7m), with the details of each loan disclosed below. The interest rate for all loans is set per annum and is equal to the six-month Stockholm Interbank offered rate, referred to as STIBOR 6M, +1 or +2%. Other related party balances with ICE Operations are disclosed in Note 27.

	Local Currency				£000				
Loan	**B/fwd**	**Drawn**	**Repaid**	**C/Fwd**	**B/fwd**	**Drawn**	**Repaid**	**C/Fwd**	**Terms**
Loan 2	SEK 0.9m	-	SEK 0.5m	SEK 0.4m	77	-	35	42	Repayment in equal instalments until 2024
Loan 5	SEK 1.3m	-	SEK 1.3m	-	111	-	111	-	Fully repaid
					188	-	**146**	**42**	
Loan 7	EUR 0.1m	-	EUR 0.1m	-	81	-	81	-	Fully repaid
Loan 8	EUR 1.6m	-	-	EUR 1.6m	1,404	-	-	1,404	Repayment in equal instalments until 2027, starting from 2024
Loan 9	EUR 10.1m	-	-	EUR 10.1m	8,723	-	-	8,723	
Loan 10	EUR 0.4m	-	EUR 0.2m	EUR 0.2m	321	-	121	200	Repayment in equal instalments until 2025
Loan 11	-	EUR 3m	EUR 1m	EUR 2m	-	2,674	842	1,832	Repayment in equal instalments until 2025
					10,529	**2,674**	**1,044**	**12,159**	
					10,717	**2,674**	**1,190**	**12,201**	

Loans receivable – SOLAR Music Rights Management Limited

PfM had total loans of £0.4m receivable from SOLAR Music Rights Management Limited at 31 December 2023 (2022 - £0.4m). The interest rate for this loan is set at the Bank of England Base rate +2%. Other related party balances with SOLAR are disclosed in Note 27.

	Local Currency				£000				
Loan	**B/fwd**	**Drawn**	**Repaid**	**C/Fwd**	**B/fwd**	**Drawn**	**Repaid**	**C/Fwd**	**Terms**
Loan 1	EUR 0.5m	-	-	EUR 0.5m	429	-	-	429	Full repayment due 2024

Loans receivable – PPL – PRS

PfM had total loans of £3.5m receivable from PPL - PRS at 31 December 2023 (2022 - £4.8m). The interest rate for this loan is set at the Bank of England Base rate +2%. Other related party balances with PPL-PRS are disclosed in Note 27.

	Local Currency				£000				
Loan	**B/fwd**	**Drawn**	**Repaid**	**C/Fwd**	**B/fwd**	**Drawn**	**Repaid**	**C/Fwd**	**Terms**
Loan 1	GBP 4.8m	-	GBP 1.3m	GBP 3.5m	4,829	-	1,307	3,522	Repayment in instalments until 2028

19 Financial instruments

Since June 2016 PfM has entered into forward foreign currency contracts on all currency loans made to ICE Operations and SOLAR. A fixed rate is agreed for the term of each loan and forward contracts are entered into a year at a time until the maturity date, currently set at various dates until 2030. All forward contracts are recognised in the Statement of financial position and are measured at fair value through the Income statement, using the fixed market value exchange rates agreed at the start of each forward contract. The value of hedged loans recognised in the Statement of financial position as at 31 December 2023 was £12,630,000 (2022: £11,146,000).

20 Creditors: amounts falling due within one year

		Group		Company	
		2023	2022	2023	2022
	Note	£000	£000	£000	£000
Amounts owed to members and affiliated societies		402,723	327,125	402,723	327,125
Trade payables		1,039	776	-	-
Amounts owed to MCPS	27	17,315	16,279	-	-
Other taxation and social security		3,887	4,912	-	-
Deferred income		106,512	99,462	106,512	99,462
Other payables		3,013	8,692	3,013	8,692
Accruals		24,268	20,602	-	-
		558,757	477,848	512,248	435,279

The directors have considered the Trade payables balance to approximate its fair value. An amount of £17,315,000 (2022 - £16,279,000) is included within amounts owed to MCPS, upon which the Group has no obligation to pay interest now or in the future, has no formal repayment terms and is in accordance with the service level agreement between the parties.

21 Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Accruals	1,674	-	-	-

22 Investments - short-term deposits

Investments are short-term bank deposits consisting of £160,086,000 (2022 - £125,444,000) held in same day or overnight notice deposit accounts. £5,429,000 of these deposits are held in PfM (2022 - £5,194,000). The amounts held for 3 months or less are shown as cash and cash equivalents in the Consolidated statement of cash flows. The interest rates ranged between 0.3% - 5.38% (2022 - 0.01% to 3.05%).

23 Provisions for liabilities

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Legal provisions	1,456	1,699	-	-
Dilapidations provisions	915	915	-	-
	2,371	2,614	-	-

23 Provisions for liabilities **(Continued)**

Movements on provisions:

Group	Legal provisions £000	Dilapidations provisions £000	Total £000
At 1 January 2023	1,699	915	2,614
Additional provisions in the year	95	-	95
Reversal of provision	(156)	-	(156)
Utilisation of provision	(182)	-	(182)
At 31 December 2023	1,456	915	2,371

The Group has recognised a provision for the estimated cost of returning its leasehold property in London Bridge to the original condition at the end of the lease.

The Group has recognised a constructive obligation relating to litigation at the Statement of financial position date. The obligation has been calculated by estimating the most likely course of action pertaining to legal matters. It is expected that most of the costs will have been incurred within one year of the Statement of financial position date. See further detail in note 25.

Discounting has not been applied to the provisions for liabilities as the impact of this is not considered to be material.

24 Retirement benefit schemes

Defined contribution schemes	**2023**	**2022**
	£000	**£000**
Charge to Income statement in respect of defined contribution schemes	1,996	1,732

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. £297,000 (2022 - £266,000) relating to defined contribution payments has been accrued for at the year-end.

Defined benefit schemes

The Group operates two separately administered defined benefit pension schemes. The MCPS-PRS Alliance Pension Scheme (MCPS) (formerly the MCPS scheme) was closed to new entrants from 1 January 1999 and The MCPS-PRS Alliance Pension Scheme (formerly the PRS scheme) was closed to new entrants from 1 January 2003. On 31 December 2010 the schemes were closed to future accrual with active members losing the link to final salary.

The scheme rules allow the Group to recognise a surplus but as two separately administered schemes there are no automatic provisions to offset the deficit in one scheme against a surplus in the other, hence the need to separately disclose the surplus and deficit on the Consolidated Statement of financial position.

Valuation

In March 2022, the latest triennial valuations of the pension schemes were completed. The deficit funding plan was reassessed between the Group and the trustees of the schemes, following a significant improvement in the valuation of the schemes. The approved plan involved the Group continuing to make annual payments into both schemes through to June 2030, with the intention of both schemes reaching self-sufficiency by December 2032. Preparations for the latest triennial valuations, based on 31 December 2023, commenced in early 2024.

Key assumptions

	2023	**2022**
	%	**%**
Discount rate	4.5	4.8
Pension increases (RPI max 5%)	2.8	3.0
Expected rate of salary increases	n/a	n/a
Price inflation (CPI)	2.4	2.5
Expected rate of decrease of pensions in payment	n/a	n/a
Price inflation (RPI)	2.9	3.1

PERFORMING RIGHT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

24 Retirement benefit schemes **(Continued)**

Mortality assumptions

Assumed life expectations on retirement at age 65:

	2023 Years	2022 Years
Retiring today		
- Males	21.6	22.0
- Females	24.0	24.3
Retiring in 20 years		
- Males	22.8	23.3
- Females	25.4	25.7

The decrease in the discount rate is linked to the decrease in the yield on corporate bonds between 31 December 2022 and 31 December 2023.

The post-retirement mortality assumptions allow for expected decrease in longevity. The “current” disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with “future” being that relating to an employee retiring in 2030. The CMI mortality projections adopted in the assumptions continue to reflect the latest market data, with a smoothing factor which makes broadly the same allowance for expected higher life expectancy for pension scheme populations compared with the national population.

Sensitivity analysis has been conducted based on a 0.5% p.a decrease in the discount rate and a 0.5% p.a. increase in inflation and mortality assumptions.

The amounts included in the Statement of financial position arising from obligations in respect of defined benefit plans are as follows:

	Group 2023 £000	2022 £000	Company 2023 £000	2022 £000
Net present value of defined benefit liabilities/(assets)	10,087	4,848	-	-
Deficit in Scheme	10,087	4,848	-	-
Recognised as:				
Defined benefit scheme surplus	-	(1,101)	-	-
Defined benefit scheme liability	10,087	5,949	-	-
	10,087	4,848		

PERFORMING RIGHT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

24 Retirement benefit schemes **(Continued)**

The defined benefit obligation comprises of £198,007,000 (2022 – £196,512,000) from plans that are wholly or partly funded.

The MCPS-PRS Alliance Pension Scheme closed to future accrual on 31 December 2010. A fixed annual contribution of £1,250,000 has been made during 2023 to reduce the deficit in the scheme.

The MCPS-PRS Alliance Pension Scheme (MCPS) closed to future accrual on 31 December 2010. A fixed annual contribution of £1,250,000 has been made during 2023 to reduce the deficit in the scheme.

Movements in the present value of defined benefit obligations

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2023	2022	2023	2022	2023	2022
	£000	£000	£000	£000	£000	£000
At 1 January	(162,964)	(254,485)	(33,548)	(51,564)	(196,512)	(306,049)
Benefits paid	7,486	7,726	1,161	709	8,647	8,435
Interest cost	(7,643)	(6,045)	(1,583)	(1,024)	(9,226)	(7,069)
Past service credits	-	880	-	-	-	880
Actuarial (Losses)/gains	(697)	88,960	(219)	18,331	(916)	107,291
At 31 December	(163,818)	(162,964)	(34,189)	(33,548)	(198,007)	(196,512)

The pension plans have not invested in any of the Group's reserves, or any of its own properties or other assets used in its operations.

The amounts recognised in the Income statement for the year are:

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2023	2022	2023	2022	2023	2022
	£000	£000	£000	£000	£000	£000
Interest on net defined benefit pension liabilities	(82)	(770)	256	76	174	(694)
Past service credits	-	(880)	-	-	-	(880)
	(82)	(1,650)	256	76	174	(1,574)

PERFORMING RIGHT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

24 Retirement benefit schemes **(Continued)**

The fair value of assets and liabilities at the reporting period end were as follows:

	MCPS-PRS Alliance Pension Scheme	
	2023	**2022**
	£000	**£000**
Equity instruments	-	18,300
Debt instruments	104,900	31,600
Cash and other	54,413	89,265
Hedge funds	-	24,900
Fair value of scheme assets	159,313	164,065
Present value of scheme liabilities	(163,818)	(162,964)
	(4,505)	1,101
Related deferred tax asset	-	-
Net (deficit)/surplus	(4,505)	1,101

	MCPS-PRS Alliance Pension Scheme (MCPS)	
	2023	**2022**
	£000	**£000**
Equity instruments	6,500	1,400
Debt instruments	15,500	13,500
Cash and other	2,907	2,799
Hedge funds	3,700	9,900
Fair value of scheme assets	28,607	27,599
Present value of scheme liabilities	(34,189)	(33,548)
	(5,582)	(5,949)
Net deficit	(5,582)	(5,949)
Total net pension (deficit)	(10,087)	(4,848)

24 Retirement benefit schemes **(Continued)**

Changes in the fair value of plan assets are analysed as follows:

	MCPS-PRS Alliance Pension Scheme £000	MCPS-PRS Alliance Pension Scheme (MCPS) £000	Total £000
As at 1 January 2022	279,703	47,247	326,950
Expected return on plan assets	6,815	948	7,763
Employer contributions	1,675	1,075	2,750
Benefits paid	(7,726)	(709)	(8,435)
Actuarial gains	(116,402)	(20,962)	(137,364)
As at 1 January 2023	164,065	27,599	191,664
Expected return on plan assets	7,725	1,327	9,052
Employer contributions	1,250	1,250	2,500
Benefits paid	(7,486)	(1,161)	(8,647)
Actuarial losses	(6,241)	(404)	(6,645)
	159,313	28,611	187,924

Actuarial (losses)/gains

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
(Losses) on plan assets	(6,241)	(116,402)	(404)	(20,962)	(6,645)	(137,364)
(Losses)/gains on plan liabilities	(697)	88,960	(219)	18,331	(916)	107,291
	(6,938)	(27,442)	(623)	(2,631)	(7,561)	(30,073)

The Company had no post-employment benefits at 31 December 2023 (2022: £nil).

25 Financial commitments, guarantees and contingent liabilities

Group and Company

Capital expenditure authorised and contracted for at 31 December 2023 was £716,000 (2022 – £115,000).

The annual donation to the PRS for Music Foundation in 2023 was £2,500,000 (2022 - £2,500,000) and the Company has committed to an annual donation of £2,665,000 in 2024.

In February 2024, an application alleging breaches of UK and/or EU competition law was filed in the Competition Appeal Tribunal against Performing Right Society Limited and PRS For Music Limited. The group will robustly defend itself against these allegations. A provision is recognised in respect of the estimated legal costs to cover the known procedural steps to respond to this type of action (note 23). At present, due to the significant ongoing uncertainty regarding future impact, if any, it is not practicable to assess the timing or quantum of any possible future outflows. No further provision is recorded, because any further economic outflow is not considered probable. See the directors' report for more detail.

26 Operating lease commitments

Operating lease payments represent rentals payable by the Group for certain of its properties. Leases are negotiated for an average term of 15 years.

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Within one year	2,269	1,213	-	-
Later than one year and not later than five years	9,061	8,781	-	-
In over five years	16,796	18,453	-	-
	28,126	28,447	-	-

27 Related party transactions

Group

The remuneration of key management personnel, who are also directors, is disclosed in note 7.

All members of the Group, the directors and parties related to them are entitled to royalties from the Group in respect of the performance of any copyright works owned by them. Parties related to directors include family members and companies controlled by these directors including, where appropriate, publishing companies and their subsidiaries.

During 2023, total royalties paid by PRS to the directors who held office during the year, and to parties related to the directors, amounted to £121,842,000 (2022 - £117,612,000). £120,403,000 (2022 - £116,240,000) of this was paid to publisher directors and parties related to the publisher directors, and £1,439,000 (2022 – £1,372,000) was paid to the writer directors and parties related to the writer directors. These royalties were calculated on the same basis as royalties paid to all members and are paid in accordance with the society's normal procedures, however this information is commercially sensitive and therefore related party transactions by director have not been disclosed.

27 Related party transactions **(Continued)**

PfM received services from ICE Operations and its subsidiaries to the value of £4,840,000 (2022 – £4,890,000). PfM also charged ICE Operations an amount of £nil (2022 – £nil) for services provided and was owed a balance of £nil (2022 – £nil) and had costs to recharge of £nil at the year end (2022 - £nil). ICE Operations made a capital repayment of £2,574,233 during 2023. Full details on loans made to ICE Operations can be found in note 18.

During the year, PfM charged ICE Services an amount for services provided of £642,000 (2022 - £1,268,000), paid commissions of £10,951,000 (2022 - £9,407,000) and paid service charges of £nil on PRS legacy deals (2022 - £nil). PfM was owed a balance of £121,000 (2022 - £96,000) and had costs to recharge of £60,000 (2022 - £65,000) at the year end.

PfM received services from NMP to the value of £1,469,000 (2022 – £1,258,000). PfM also charged NMP an amount of £115,000 (2022 – £138,000) for services provided and was owed a balance of £9,000 (2022 – £9,000) at the year end.

During the year, PfM charged SOLAR an amount of £84,000 (2022 - £81,000) for services provided and paid commissions of £11,651,000 (2022 - £9,628,000). PfM was owed a balance of £8,000 (2022 - £23,000) at the year end.

Full details on loans made to SOLAR can be found in note 18.

During the year, PfM made a contribution to UK Music 2009 Limited of £688,000 (2022 – £631,000).

During the year, PfM provided operational services to MCPS, a company with common directors, under the terms of a service level agreement. The value of the service was £15,779,000 (2022 - £14,501,000). At the year end PfM was owed a balance of £1,319,000 (2022 - £1,132,000) from MCPS and had fees to charge of £3,679,000 (2022 - £2,900,000).

During the year, PfM did not provide subsidised contributions to Music Publishers Association Limited (MPA). MPA is the parent undertaking of MCPS.

During the year, the Company made donations of £160,000 (2022 - £nil) and PfM did not provide subsidised services including accommodation to The PRS Members' Benevolent Fund (2022 – £nil). PfM charged an amount of £242,000 (2022 - £208,000) for other services provided. PfM was owed a balance of £21,000 (2022 - £nil) and had costs to recharge of £18,000 (2022 - £21,000) at the year end.

During the year, the Company made donations of £2,500,000 (2022 - £2,500,000) and PfM provided subsidised services including accommodation to The Performing Right Society Foundation Limited. PfM did not charge an amount (2022 - £3,000) for other services provided.

During the year, PfM made a contribution to the British Academy of Songwriters, Composers and Authors, (trading as The Ivors Academy), an organisation with common directors. The value of the contribution for 2023 was £62,000 (2022 - £57,000). During the year, PfM was also charged an amount of £155,000 (2022 - £85,000) for sponsorship.

During the year, PfM recharged PPL - PRS an amount for costs incurred of £264,000 (2022 - £89,000) and had costs to recharge of £252,000 (2022 - £276,000) at the year end. Additionally, the Group incurred service charges of £14,692,000 (2022 - £16,624,000) during the year. The Company was owed a balance of £4,910,000 (2022 - £355,000) at the year end for public performance collections made by PPL-PRS.

Full details on loans made to PPL - PRS can be found in note 18.

Due to the highly integrated nature of the industry, many directors will also be related to customers of the Group, either through the provision of music related services to them, or as employees of the same group of companies. All transactions with any such related customers are carried out on an arm's length basis.

28 Controlling party

Performing Right Society Limited (PRS) is a company limited by guarantee and has no share capital. The directors regard PRS as the ultimate controlling party of the Group and it is the highest and lowest level of consolidation.

29 Cash flows generated from operations

	2023 £000	2022 £000
Profit before taxation and funds attributable to members and affiliated societies	996,786	876,509
Adjustments for:		
Income tax expense	(10,207)	(5,379)
Finance costs/(income)	174	(1,574)
Investment income	(11,760)	(2,469)
Loss on disposal of tangible assets	3	2,697
Loss on disposal of intangible assets	197	387
Amortisation of intangible assets	5,949	6,627
Depreciation of tangible assets	870	927
Loss on repayment of investments	384	-
Foreign exchange (gains)/loss on cash equivalents	(101)	-
Foreign exchange losses/(gains) on cash equivalents	3,362	(4,484)
(gains)/losses on revaluation of investment	(6)	12
Share of profit in joint ventures	(4,542)	(4,509)
Pension scheme movements	(2,504)	713
Decrease in provisions	(243)	(137)
Other non-cash movements	9	-
Movements in working capital:		
Increase in trade and other receivables	(34,120)	(45,701)
Increase/(decrease) in trade and other payables	2,464	(5,484)
Cash flows generated from operations	946,715	818,135

Cash flows generated from operations has been adjusted to remove the impact of the non cash movements in the current and prior year from the Amounts paid to members and affiliated societies in the Statement of cash flows and are reported through the movement in trade and other payables. A corresponding adjustment has been made to amounts payable to members and affiliates and the net impact on net cash inflow from operating activities is nil.

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